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# EXTENSION OF PUBLIC LAW 480

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HEARINGS  
BEFORE THE  
COMMITTEE ON AGRICULTURE  
HOUSE OF REPRESENTATIVES  
NINETIETH CONGRESS  
SECOND SESSION  
ON  
**H.R. 15693**

FEBRUARY 28, 29, MARCH 6, 7, AND 8, 1968

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## EXTENSION OF PUBLIC LAW 480

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WEDNESDAY, FEBRUARY 28, 1968

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON AGRICULTURE,  
*Washington, D.C.*

The committee met, pursuant to notice, at 10 a.m., in room 1301, Longworth House Office Building, Washington, D.C., the Honorable W. R. Poage (chairman) presiding.

Present: Representatives Poage, Gathings, Abernethy, Abbitt, Jones of Missouri, Purcell, O'Neal, de la Garza, Vigorito, Jones of North Carolina, Dow, Nichols, Montgomery, Bracco, Rarick, Belcher, Teague of California, Mrs. May, Dole, Hansen, Wampler, Goodling, Miller, Burke, Mathias, Mayne, Zwach, Price, and Myers.

Also present: Christine S. Gallagher, clerk; Hyde H. Murray, assistant counsel; L. T. Easley, staff consultant; and Fowler C. West, assistant consultant.

**THE CHAIRMAN.** The committee will come to order.

The committee has met this morning for the further consideration of the extension of Public Law 480. We do not have before us any specific legislation,<sup>1</sup> although it has been suggested that it might be well to introduce legislation specifically to extend Public Law 480 for a specific period of time and to have such amendments as might seem desirable. It seems to the chairman, at least for the present, that there is no need for that sort of thing. We all know what Public Law 480 is; we all know what changes we think should be made—at least, we all may not know, but we are here for the purpose of considering any changes that may be needed in that legislation, and we can discuss those proposed changes, and if we come to any agreement or a consensus as to the need for changes in the legislation, we can introduce them and move along.

We have set these hearings in order that there might be a little more consideration given to some of these matters that cannot be given if we separately decide that we have some specific amendments. I think that the Senate has agreed to devote 3 days to a hearing before marking up this legislation. We have already devoted about 2 weeks, and we are going to devote more than 3 days in the future. We have today, tomorrow, and Friday with witnesses who want to discuss this legislation, and we will be glad to hear from them.

We will then later, next week possibly, begin to limit the time more severely. With the thought that those who want to be heard at length or more length might be heard, we are conducting these hearings today as we are.

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<sup>1</sup> H.R. 15693 was introduced by Mr. Purcell on Feb. 29, 1968.

This morning we have Mr. Robert M. Koch of the National Limestone Institute. Mr. Koch is also the executive director of the Committee on World Food Crisis, Inc.

We will be glad to hear from Mr. Koch now. It is your suggestions in connection with Public Law 480 on which we wish to hear your opinions, and we will be glad to hear from you now, Mr. Koch.

**STATEMENT OF ROBERT M. KOCH, EXECUTIVE DIRECTOR, COMMITTEE ON THE WORLD FOOD CRISIS, INC., WASHINGTON, D.C.**

Mr. KOCH. Thank you, Mr. Chairman.

It is a real privilege for me to appear before you in my capacity as executive director of the Committee on the World Food Crisis to support extension of the Food for Peace Act of 1966—commonly known as Public Law 480—for 3 years or more.

First, I want to say that the entire membership of our committee, as well as the more than 700 delegates to the Second International Conference on War on Hunger which we called last Tuesday here in Washington, are appreciative of your participation, Mr. Chairman, and that of Congressman Dole. Your contributions to our legislative panel were invaluable.

Participants who came from all around the globe, as well as from nearly every State were almost unanimous as to the reasons for and the scope of the problems facing the world.

They certainly were unanimous in feeling that there can be no effective program to establish peace in the world which does not encompass plans to adequately solve our population and food crisis. As Ambassador Sol Linowitz said at our final banquet session, "Rarely has any international conference—on any subject—had the unanimity that marked yours today."

Before going further, Mr. Chairman, I would like to offer to your committee copies of the prepared papers presented last Tuesday for such use as you would care to make of them.

As you who were there know, and as we have all heard at recent hearings on this complex subject, practically no one objects to the goals, but some differ as to the method of obtaining them. They agree with the President's statement in his agriculture message when he said in relation to the world food situation:

The clock continues to tick in the developing nations—as the shadow of hunger threatens to turn into a nightmare of famine . . . This (Food for Freedom) lifeline of hope to the needy of the world cannot be withdrawn.

May I say that most of us were very much encouraged by the passage of the 1966 act. With its relatively abundant funds—those authorized to be appropriated, plus those carried over—many of us expected quite substantial accomplishments. Frankly, we were quite disturbed at the effect on American agriculture.

Some of us did not realize that there were insufficient safeguards to adequately protect the American farmer from the serious price-depressing effect of permitting production called for to meet these war-on-hunger requirements to commingle in market channels with the regular commercial supplies.

And we urge the Congress to pass whatever legislation is necessary to see that he never again is hurt when he responds to his Government's request.

As everyone on your committee knows, never in the history of our Nation have the farmers failed to perform when asked to do so by their Government. And, all too frequently, temporary benefits have not only been lost but they have suffered for decades afterward from surplus supply as measured against effective demand.

This war on hunger, or fight for peace, or whatever you wish to call it, is the concern of all the people and the cost should come out of the Federal Treasury and be borne by all taxpayers just as we finance our military wars.

Our committee was organized just a little over 2 years ago by a group of us who felt that a citizens group without any particular program to emphasize should be formed to mobilize grassroots support for an all-out war on hunger.

The overriding goal was—and is—to improve the prospect of peace. We firmly believe the forces at work can be devastating. We must help the underdeveloped nations to find the roads to self-help programs. If we do not, the population explosion and the resulting masses of undernourished, uneducated people will become hordes of hundreds of millions of people easily exploited by leaders who will only have to promise a better life—not actually provide it.

The following statistics seem to me to prove conclusively that peace in the world is attainable.

In 1958, there were 23 prolonged insurgencies going on in the world; by 1966, there were 40. Furthermore, the total number of outbreaks of violence has increased every year. In 1958, there were 34; in 1965, there were 58.

Most significantly, there is a measurable relationship between the incidents of violence and the economic status of the countries involved. The nations categorized by the World Bank, as per capita income, are: rich, middle income, poor, and very poor.

The rich nations are those with a per capita income of \$750 per year and up. The U.S. level is upwards of \$2,700. Seventy-five percent of the world's wealth is possessed by 27 of these rich nations, although only 25 percent of the world population.

However, only one of these rich nations has gone through a major internal upheaval since 1958.

On the other hand, the economic scale, however, shows another story. Of the very poor nations—those with a per capita income of under \$100 a year—which total 38 nations, no less than 32 have endured significant conflicts. History shows that these nations have undergone an average of two major outbreaks of violence, per country, over an 8-year period. To be sure, this is a significant amount of conflict and predominantly of a prolonged nature.

In the case of the other two categories, the poor and the middle income nations, the trend holds constantly true. The statistics of serious violence for these two categories, since 1958, are: Eighty-seven percent of the very poor nations, 69 percent of the poor nations, and 48 percent of the middle income nations.

Therefore, there is no question but that it is a fact that there is an undeniable relationship between violence and economic backwardness. And the trend of such violence is up—not down.

We have all heard the literally staggering statistics about the millions of people that are being added to the world. Most of us really cannot think in terms of millions and billions—or maybe I should simply say that I cannot. But when I heard Ambassador Linowitz describe the problem on the basis of every 60 seconds, I found that I could visualize it better. He said :

During the next 60 seconds, 200 human beings will be born on this earth. 160 of them will be colored—black, brown, yellow, red. About half will be dead before they are a year old. Of those who survive, approximately half will be dead before they reach their sixteenth birthday. The survivors who live past 16, will have a life expectancy of about 30 years. They will be hungry, tired, sick, most of their lives. Only a few of them, if that many, will learn to read or write. They will till the soil, working for landlords, living in tents or mud huts. They—as their fathers before them—will lie naked under the open skies of Asia, Africa and Latin America—waiting, watching, hoping—starving.

These are our fellow human beings, our neighbors, if you will. Is it any wonder that despair and revolt at hunger, envy and, even anger, over the inequality of life, is the most urgent political economic fact of our day?

Many feel that our Christian heritage demands our concern for our fellow man—and, I yield to no man in the desire to help the underprivileged—yet it seems to me that all we advocate is in our own self-interest.

Nearly everyone will agree we cannot pull back to our shores and attempt to enjoy our affluence. Possibly, all of us in this room could live to enjoy relative freedom from world problems for a few years if we did this. But what a legacy to bequeath our children and future generations.

The more than 10,000 organizations and individuals associated with us share a desire to work together for a better world. Some would emphasize population control; some would increase the teams of trained experts now fanning out through the world under the supervision of our colleges and universities; others would increase the agribusiness projects of new installations, better distribution facilities, et cetera, et cetera. But I would like to stress that all would increase our total effort. Furthermore, I must emphasize that all of us who organized this committee were literally astounded that the grassroots seemed to be way ahead of us.

Our first conference was not only well attended by experts in every field associated with the problem, but many others who were unable to be present, wrote offering their cooperation. And, as you know, your former chairman gave this meeting credit for stimulating much of his thinking which went into his war-on-hunger bill.

Before I go any further, let me emphasize that our name seems to give some the wrong impression.

While we firmly believe that the American farmer can play a leading role in this national effort to obtain and maintain peace, we must not overstress this facet of the many needed to reach the ultimate goal. Population control, in some form, is absolutely essential. And no one on this committee believes that American agriculture should try to feed the world. But, in the interim of helping developing nations solve their hunger problems, American agriculture can be a most useful tool in promoting self-help programs.

Everyone attending the conference was most conscious of the dollar drain on this Nation for its many efforts throughout the world—and, of course, particularly now with the Vietnamese war. However, the

question was asked over and over: "Why can't we send bushels and tons of foodstuffs overseas without hurting our dollar balance?"

If we can protect the American farmer, and if we can send food overseas without hurting the balance of payments, then it seems to some of us that we ought to take a real hard look at the alternatives, if we don't wage an all-out war on hunger.

One of the principal reasons why this Nation is such an outstanding producer of food is because of our land-grant colleges and collaborating county extension agents. True, we have teams of land-grant college experts around the globe now. But, in my opinion, we have only scratched the surface of this facet.

To those who say that we should have more help from other nations, we agree.

However, we are not alone and very substantial progress has been made. So much so that the prophets of gloom have already been proven wrong. It was my privilege to present a citation from our committee to the Philippine Republic and President Ferdinand Marcos through two Filipinos at our luncheon last Tuesday.

Philippine Under Secretary of Agriculture D. L. Umali and Andres de la Cruz, a Philippine farmer who has made a remarkable record, accepted the citation in behalf of President Marcos.

Under Secretary Umali told the dramatic story of this farmer who used the new miracle rice developed by the International Rice Research Institute, and financed jointly by the Ford and Rockefeller Foundations. His income went up from \$63 to \$725 per crop from 1.8 hectares of land—about 4.5 acres.

This is not just an isolated case history. As Dr. Umali said :

Except for a few years, the Philippines has, since 1910, imported billions of pesos worth of rice.

Then he reported that they would have a surplus of rice stocks of 475,000 metric tons by June 1968.

Here is a developing nation that has proved that they can be helped to help themselves. But listen again to his words :

Mr. de la Cruz's happy story might be said to have started one hot afternoon when an agricultural extension fieldman (one of 780 AID-financed technicians) paid him a visit.

He then went on to recount the de la Cruz story.

Again, I refer back to the many facets of the total problem. One of the key points in this success story was a good government climate, as well as a natural one. The Government had pegged the price at \$4 instead of \$3 per bag of 44 kilos of rice. All too frequently there is relatively little incentive in undeveloped nations for the farmers to make the effort to increase production. And then there are problems of credit, fertilizer, distribution, et cetera.

Our committee is very conscious of the need and wants to urge that a well-rounded program, including active participation of voluntary agencies, the agribusiness community, as well as those previously mentioned, is the only way we can be sure of attaining the ultimate goal of peace we are all seeking.

We firmly believe, by properly mobilizing our American ingenuity, personnel, and finances, we can help every nation attain the basic materials each human being needs to live in dignity. When that point

is reached, the hordes which are so susceptible to exploitation when hungry and starving will be more stable.

This may seem like a dream, at least many years off, but if we do not make a start, future generations may condemn us for quietly going our affluent way as nature's bomb—which could be more destructive than manmade atomic ones—goes ticking on.

It is the considered judgment of our committee that this Nation, whether it is joined by other nations or not—and parenthetically, we believe that they should be urged to share this burden—cannot afford not to make this effort.

We are now spending between \$3 billion and \$4 billion a month in Vietnam. Why shouldn't we make a similar peaceful effort? While I realize many will scoff at this proposal, if we think about it, there are many of us who not only can afford to but would pay sizable amounts if we thought we could rid the world of this terrible threat. And all the experts agree we could make real progress with only a fraction of what we are currently spending for munitions.

Mr. Chairman, the cost of government and its programs have been of great interest to me for many years. When I left my home in Greenfield, Mass., for an education at the University of Massachusetts, I doubt anyone could have been more conservative. I was frightfully scared of the large expenditures during the early 1930's and the staggering national debt.

Then we went into World War II. If all the dire predictions I had been brought up to believe were going to happen, because the early 1930's expenditures were true, it seemed to me we were surely headed for complete national bankruptcy.

But I am continually impressed with the fact that in spite of all the dire predictions that some have continued to make, this Nation is the most affluent on the face of the globe.

Our total gross national product today has crossed the \$800 billion mark and is rapidly heading for a trillion dollars a year. And today our per capita share of the national debt is \$1,642. This looks like and is, of course, a substantial figure. But we are making progress and are a lot better off today than we were 20 years ago.

When I left the U.S. Department of Agriculture and took my present position with the National Limestone Institute in 1946, the per capita share of the national debt was \$1,909. But the difference between the \$1,909 in 1946 and the \$1,642 is not the major reason why I said we are better off.

In 1946, our national debt was 129.4 percent of our gross national product. In 1967, the debt is only 41.6 percent of our GNP. While all of us should be concerned about our increasing national debt, it seems to me we should not let things get out of proportion. The greatest factor in our favor is our tremendous growth. Although we should be concerned about our debt, we should not, in my opinion, be so concerned that we lose our perspective.

#### NATIONAL DEBT COMPARED TO GROSS NATIONAL PRODUCT

	Gross national product (billions)	National debt (billions)	Per capita share of national debt	Percent national debt is of gross national product
1946.....	\$208 799	\$270 327	\$1,909 1,642	129.4 41.6
1967.....				

While I certainly want to advocate a sound and cautious approach, I fail to see why our Nation cannot afford to spend .005 percent of its gross national product on what literally everyone says is the most serious problem facing the world. And that is all \$4 billion a year for Public Law 480 would be—.005 percent of the gross national product. Although solving the Vietnamese war has us all concerned and it seems to defy all solution, it will be solved—and in our lifetime. This problem of world hunger cannot be solved in our lifetime, but we must make a more concerted effort than we are now doing, if we are not going to betray the trust of our children and their children's children.

And, so, our committee would like to urge the Congress to extend the Food for Peace Act of 1966, without any restrictive amendments and with at least the same funds previously authorized. We also hope that the record at these hearings can be so unmistakably clear that the administration will take steps immediately to fully utilize the 1966 act.

The CHAIRMAN. Thank you, Mr. Koch. I want to commend you for recognizing what seems to me to be the very basic issue of all of our efforts to increase the agriculture production of the world over, that is, as you point out on page 9 of your statement, the fact that you must pay a price that will enable the farmer to pay for the use of modern techniques. He cannot produce the needed products otherwise. I am one who believes that with a price that will enable us in the United States and other countries to use modern techniques that are available, that we can feed this world and that we need not be so discouraged as some of us are at the present time.

Of course, I recognize that there must be some control over population. I think we all know that and realize that, but your presentation taken as a whole seems to me to be based upon what I think is a widespread misconception of the attitude of the Congress and the attitude of most people.

As I see it, you are of the impression that everyone who wants to make any changes in the existing program wants to destroy the program.

As I see it, your presentation is based on the assumption that a great many of us do not want to do anything about the needs of hungry people over the world, and I think that is a complete misconception. I think that practically everyone wants—certainly those on this committee—to help all of the world, but it has been our experience that there are differences of opinion as to what is most helpful and how we achieve that help, and there are those that honestly believe it is a mistake to send food to countries on the theory that when you do, you discourage them from making domestic changes that will tend to bring about providing food for the people for a long period of time. I do not happen to fall within that group, but I think that those people are as much entitled to their opinion as are others, and I do not think that they can be charged with saying that they do not want—that is, these people—to have other people enjoy better standards of living. They seriously question how to get that better standard of living for these people. I think that is the question before this committee: What is the best way of achieving these desirable results; not whether we want to achieve them or not, but what is the best way of achieving these desirable results, what is practical within the limits of our own

resources and what is practical within the limits of the understanding of the foreign people?

That is why we have raised the question: What can we do with this bill that would help the United States more in our foreign commitments, because there certainly are many of us who believe that if we do not reach that, we are going to reach a situation in which we cannot be of any help to anybody, either here or abroad?

So, we ask the question: How can we modify this bill so that we will more nearly achieve agreement?

And when we ask that question, we are not suggesting that we believe that we should not help anybody. We are asking how we can continue to do it.

I think it is a very pertinent question. I think it is one that we must answer here, rather than simply assuming that all who raise the questions are opposed to doing anything.

I do not mean to say that there is some specific item in your presentation, but it seems to me that the whole thrust of your presentation is that if we do not continue to do exactly what we have been doing that we are opposed to helping foreign people. I just want to make it clear that is not a fact, so far as this committee is concerned.

Mr. KOCH. I certainly could not agree with you more. If I gave the impression, I did not intend to do that. I was starting on the assumption that the committee passed an excellent bill last year; certainly, a lot of the people on the committee and of the Congress have done a real good job, in our opinion.

The only thing we were trying to do was to review the problem, and, certainly, I did point out that there are a great many people who do differ in how we should reach those goals.

I quite agree with you that all of them are in favor of the goals, but how to get there, how to arrive at them certainly is the question.

Certainly, we did not mean to be spelling out exactly all of the details of reaching that decision. That is a big job. We merely wanted to call attention to some of the basic problems. If I gave the impression that we were urging otherwise, I did not mean to do so.

The group that I represent, I am sure you know, is quite large in numbers, and you cannot have 10,000 people who will all agree.

When it comes to specifics, our committee would not know how to reflect exactly how everyone else feels.

I did not mean to come here to tell you the answers to some of the real tough questions you have raised. We did want, from the committee's standpoint, to spell out the general position that we have urged on the committee.

We certainly understand the real tough problems we face and the real tough decisions that have to be made.

But we do think that we must not move, on the other hand, in a way so as to be restricted too much. And when I say that, I certainly did not mean to imply that we are doing everything today under the present bill the way that it should be done. We are just as much aware that there are shortcomings as anyone else, and, as I know, those on the committee are aware of it.

So, if the thrust of my statement has been wrong from where you sit, I did not mean to convey that impression.

We do believe very strongly that there are people in this Nation who feel very strongly that we should continue with some sort of a program. We did not mean to spell out the exact number of dollars or the exact way in which it should be done. We did not mean to do that. I do not think that we could. There are differences within the committee.

The CHAIRMAN. Just what do you mean in your last paragraph where you urge the Congress to "extend the Food for Peace Act of 1966 without any restrictive amendments"?

Now, what do you mean by "restrictive amendments"?

Maybe we have a different idea of what we are talking about than you do when you are talking about restrictive amendments.

When we seek to maintain our balance of payments, is that a restrictive amendment?

Mr. KOCH. No, as I understand it, and I am sure you know—I am not an authority in all of these fields. Some would be definitely helpful with the balance-of-payments problem; others would be most difficult. It seems to us that some nations should use their dollars to help develop their own nations. Others could help us with the balance-of-payments problem. It seems to me, an over-restrictive amendment applying to all nations would be a mistake. It seems to me it could be worked out in a number of countries that could help us by returning dollars to us.

Here, again, I, personally, do not know how to suggest it to you. I tried to imply that we are aware of the problem. By restrictive amendments, we meant that we did not have any particular ones in mind in that regard. We were hopeful that the committee, in its judgment, in looking over all suggestions, would not come up with a program that was overall much more restrictive and that the amendments would be helpful to do a better job. We were not pointing our finger at any specific amendment.

The CHAIRMAN. Mr. Gathings?

Mr. GATHINGS. On page 10 of your statement, in the next to the last paragraph you state:

"We are now spending between \$3 and \$4 billion a month in Vietnam," and you indicate that probably there is a way out of the Vietnamese war. Do you mean that literally, that if we were to spend more money to feed more people and help those people to grow more rice, to grow more food products in that area, it would aid to bring our boys home?

Mr. KOCH. We did not mean that this would stop the Vietnamese war. We are of the general opinion that if this overall goal is approached we could prevent this type of thing in the future—not next year. This cannot stop the war going on now. I did not mean to imply that. We think that overall for the long haul, that we can definitely head off and help offset such a thing. We cannot stop the war over there in Vietnam, certainly not. I wish that we could but I do not think that we can.

Mr. GATHINGS. I think that is true. Probably we could be of assistance in aiding to prevent future wars.

Mr. KOCH. This is the thrust of our particular point.

Mr. GATHINGS. Thank you.

That is all, Mr. Chairman.

The CHAIRMAN. Mr. Teague?

Mr. TEAGUE of California. No questions.

The CHAIRMAN. Mr. Abbott?

Mr. ABBITT. No questions.

The CHAIRMAN. Mr. Goodling?

Mr. GOODLING. I want to call your attention to page 12 of your statement. Sometimes I get fed up to the ears hearing a comparison of national debt with the gross national product. I realize there is some connection between the two, but I want to point out that if you owe a bank \$1,000, regardless of assets, that bank will expect you to repay the \$1,000, and in reading the sentence here I notice you quoted the 1967 figures.

Just the other day in the House, we were told that our national debt as of yesterday was \$352 billion. And that is \$25 billion more than you express in this table.

Mr. KOCH. There is no question, sir, but that it is going up. There is no question about this at all. The only point is—and I agree with you—that we will have to pay it back no matter what the figure is. It seems to me or to us, no matter how big the debt—it is staggering—we should not lose sight of the fact that if the gross national product had not gone up, we would be in much worse shape, obviously.

And not to take a look at the gross national debt and all of the programs that we have introduced for ourselves and the world is a mistake, too. We are not saying that we have all of the money that the experts say that we need to get this problem solved. We only indicate that we should take them all into consideration, the total debt, the relationship of it to other facets in our economy, and other problems.

And we have other problems, of course, besides this one. And this is all we were attempting to point up, all of the facts, so that we will have them all together on the table when the hard decision has to be made.

We would like to see the national debt come down, certainly. On the other hand, if the percent of the national debt, which was around 129.4 percent, like it was in 1946, if it was that, we would be in much worse shape today than we are.

Mr. GOODLING. We were also told yesterday that if the Vietnamese war continues, the debt will reach \$365 billion, the limit, and we will again be asked to raise that ceiling. This concerns me.

I am sorry that I did not bring information with me that I have on my desk which I read just last week. I do not have it completely in mind, but it stated that there are tons and tons of food in warehouses which was never distributed. Who is responsible for that? I realize that you are not, but on the other hand you are to a certain extent.

Mr. KOCH. I am sure that you know that any program as big as this will have some mistakes in it. I certainly do not advocate anything like that. I do not think that we can prevent it, however. I have been in it over 10 years. I do not know how you can keep people from doing things wrong, and if you do not do anything, of course, nothing goes wrong then. It seems to me that we should make every effort possible, even though we know that some mistakes will be made.

Mr. O'NEAL. Will you yield?

Mr. GOODLING. Yes.

Mr. O'NEAL. Is it your idea that we can afford a big debt, because business is so good? Is that the way that you relate it?

Mr. KOCH. I do not think that there is any question that General Motors can afford a bigger debt than the local Chevrolet dealer out here. I think that the same is true of a nation.

Mr. O'NEAL. But if you cannot pay the debt when business is good, when can you pay it?

Mr. KOCH. That is a good question, too, of course, but I seriously say that I think that the debt can be overstated. I certainly do not say that we should not be concerned. We are just as concerned as we can be, and as you are, but I think that we must not use this figure to prevent us from doing a lot of things that need doing.

Mr. O'NEAL. Thank you.

That is all.

Mr. GOODLING. That is all, Mr. Chairman.

The CHAIRMAN. Mr. Purcell?

Mr. PURCELL. I have no questions at this time.

The CHAIRMAN. Mr. Miller, do you have any questions?

Mr. MILLER. Not at this time.

The CHAIRMAN. Mr. Burke.

Mr. BURKE. When you talk about the gross national product, is it not a fact that the higher the living costs, the greater the gross national product?

In other words, the higher the debt and the higher the cost, the gross national product will always increase? It is a matter of common economics that when one goes up the other goes up?

Mr. KOCH. Unfortunately, I do not have the figures at the tip of my tongue, but I am confident that is true. We have inflation. But we are all better off than we were 20 years ago.

Mr. BURKE. That is the next question. We are better off in that way?

I will not go into that, however.

Somehow or other, everything now is based on the gross national product, and as inflation increases up goes the gross national product—expenditures increase, the dollar will be worth some percentage point less than it was last year at the end of this year. So, I cannot quite follow your figures that we ought to continually add on more on top of the other—as a matter of basic finance.

Mr. KOCH. Well, I did not mean that. Some things will cost you a lot more. We are interested in highway construction, for example. We know that if you put these highways off, in 10 or 15 years it will cost us a lot more than if we do them today.

I think that this problem will cost a lot more if put off. Therefore, I do not want to draw the line. It seems to me that we must make some effort like we are building some highways now that maybe ought to be built tomorrow, but somewhere there is a line where we cannot afford not to do these things, even though it is adding to the national debt.

Mr. Poage just said that everyone does not agree on solving these problems. But I do believe sincerely that we must not, because we have a big national debt, pull back until we pay off on the debt. It is more important than reducing the national debt. Some people do not agree with this. This happens to be my personal view.

Mr. BURKE. Thank you.

That is all, Mr. Chairman.

The CHAIRMAN. While not on the subject, I would like to try to put these things in perspective as we go along. I am not certain that I am thinking real clearly on this thing. It may have nothing to do with the subject matter we have before us here today, but is it not true that as we increase the gross national product—and I would agree with you entirely that certainly it increases along with inflation—that if you decrease the value of the dollar you use more dollars and, therefore, your gross national product shows up \$3 or \$4 more even though there might be no more actual production—but is it not also true that this debt in relation to the gross national product can be paid off with the same inflated dollars and therefore the relationship remains substantially the same between the gross national product and the debt?

Mr. BURKE. I would say that would be true, but the increase adds one on top of the other. I do not think that it follows that it should follow that way as a matter of commonsense; but I think that you are experienced enough to know it has continued and it does not change.

The CHAIRMAN. I think that is a good observation.

Mr. Dow. I would like to commend Mr. Koch very emphatically for his splendid statement. I would also like to relieve him a little bit of the heat that seems to be generating here; because I do not think that Public Law 480 should be held to account for the entire fiscal difficulty that faces our country here today. I feel that to take the whole burden of the national fiscal problem and focus it on this food-for-peace program is certainly an atrocious misplacement of emphasis.

I would like to point out, too, that Mr. Koch has put his finger on the very serious condition in the world; namely, the tragic situation of 2 billion people in the underdeveloped countries. I think that we ought to focus a little bit more on the very grievous error that was made in Vietnam, to attack these very people that Mr. Koch is trying to aid, to be sending one-half million of our best men there and spending \$30 billion a year in fighting these people that we say right here ought to be aided. When we compare those \$30 billion to fight them and bring down around our heads the world's criticism with the \$4 billion, the rather small figure that Mr. Koch is suggesting, to be spent in helping them, I must say, Mr. Chairman, that I disagree very much with the judgment that is operating in this country today, and I cannot help but say that here before the committee, and I would say it before anybody.

I must say, Mr. Koch, I think you should be congratulated and not questioned.

That is all, Mr. Chairman.

The CHAIRMAN. Mr. Mayne?

Mr. MAYNE. I was not asking for any time.

The CHAIRMAN. Mr. Nichols?

Mr. NICHOLS. No questions.

The CHAIRMAN. Mr. Zwach?

Mr. ZWACH. Thank you, Mr. Chairman.

Referring to pages 2 and 3 of your testimony, the third paragraph on paragraph 2 where you state:

May I say that most of us were very much encouraged by the passage of the 1966 Act. With its relatively abundant funds—those authorized to be appropriated, plus those carried over—many of us expected quite substantial accomplishments.

Now, this is what I am referring to:

Frankly, we were quite disturbed at the effect on American agriculture. Some of us did not realize that there were insufficient safeguards to adequately protect the American farmer from the serious price-depressing effect of permitting production called for to meet these war-on-hunger requirements to commingle in market channels with the regular commercial supplies.

I think there is no question that the American farmer was ready to help in this program. The administration and everybody said that we had millions to feed and that we should open the gates of production.

Of course, the American producer did not expect that he was expected to subsidize the world food needs as much as he was subsidizing the American food needs. And so we have driven off a million farmers since 1960, and the debt has doubled, and these farmers are in real dire circumstances.

What do you recommend?

You are a former Department of Agriculture employee. What do you recommend?

And over on the next page, you say that it should be borne by everybody equally, not just by the American agriculture.

I want your suggestions in this area.

Mr. KOCH. We feel very strongly on this point. We thought that with all of the money that the 1966 act provided—and I am sure that Mr. Freeman also thought at the time he asked the farmers for increased production—that the additional production would be taken off the market. But it did not happen this way. I did not want to point the finger at anyone. I have my own opinion of what happened. I am not sure I am right. The farmers were asked to increase their production, which they did; and then, when we got ready to move it overseas there was a vacuum. I was personally unaware that they could not take it off the market until it actually happened. I had the idea that Agriculture would take it and ship it overseas. I did not realize that Agriculture could not do it, unless we had firm commitments.

Then, I thought that we could take it off the market and store it. I guess I should have known better, but I did not.

I think that Congress should pass some sort of legislation to enable the Government to take these surplus off the market and not get into this kind of a position again. And this should be done in the legislation before this committee.

As I understand it now, if we had some sort of a reserve program here, whereby the extra surplus could be removed from the market and not depress the market and that it should not be used to depress the prices, it would be there against some future emergency. This would help. And before we go to the farmers again we should definitely provide for this legislation.

It seems to me that those of us—maybe I should say that you in the Congress should know how to deal with this: I think it can be worded in such a way that they cannot do to the farmer what happened, when we ask him to do this again. I, for one, would not go to the farmers again without in some way insuring them. There should be some mechanics whereby the extra food that the farmers grow can be taken off the market at a price that will not depress the market.

First, we were completely unprepared for what happened, particularly as to the money. Normally, you have to get some kind of legislation passed—then go back and get an appropriation.

This is one of the cleanest acts we have whereby we get the money at the time that the legislation is passed, so that there is no confusion that happens occasionally with other legislation.

I thought that we were all set, personally, when the 1966 act was passed. I did not see how the farmers could be hurt. Unfortunately, I was wrong. This is the thrust of our statement. We feel very strongly that any efforts made, whether we spent one-half billion or \$10 billion, that the American taxpayer ought to pick up the bill, not the American farmer.

Mr. ZWACH. That is all. Thank you.

The CHAIRMAN. Mr. Rarick?

Mr. RARICK. I am amazed when I hear people refer to these subjects. By specific definition, what is an emerging nation?

Mr. KOCH. I am sorry that I cannot do that. I assume that there is some definition. I can provide it for the record, if necessary.

I do not, personally, know whether the people who work in this field have a definition or not. I assume that they do.

Mr. RARICK. I would assume that if we were planning on helping India again, apparently we would think that India would be an emerging nation?

Mr. KOCH. I certainly would think so.

Mr. RARICK. When their military budget is about the second highest expenditure?

Then, we go to Africa, and could we say that Zambia would be an emerging nation, containing one of the world's greatest copper mine fields? And Nigeria, is that an emerging nation? They have just had a revolution. I think they estimate 150,000 tribesmen were massacred there.

And I think also, in looking back, that the United States in 1964 and 1965 communicated to Ho Chi Minh, before we brought in troops to halt his aggressive fight to control South Vietnam, that the American taxpayers would hand him a substantial subsidy to help him grow food instead of war, and his answer was negative that we were trying to blackmail his people.

I just wonder what this expression of "emerging nations" really comes to.

In your statement, you mentioned people of yellow skin.

Certainly, we are not thinking of helping the Chinese on the mainland, are we?

Mr. KOCH. Our policy, as both you and I know, has all kinds of considerations. I cannot tell this committee how the line should be drawn.

Mr. RARICK. Yet you mention in your last paragraph "restrictive amendments."

You are saying, then, that we should not amend this bill to make sure that none of our food for peace goes to any country that is Communist-controlled, or that is militarily aggressive to our American forces?

Mr. KOCH. We did not mean that. As I explained a little while ago, as to how we describe restrictive amendments: We were hoping to lay all the facts in front of your committee, and we know that you people would do the best job it is possible to do.

This yellow-skin point that you make is as to the total people around the world. We have never said just how it should be done. We were pointing out what the problem was, the scope of it, and, as far as exactly how it should be done, as I said a moment ago, I do not know whether you were here or not at that point, but certainly our committee of 10,000 would be shattered very quickly if we tried to arrive at specific points of operation. Our only point is to try to tell you that of the 10,000 people, more particularly the 700 who met here last Tuesday in Washington, that they feel very strongly about some of these general problems. I realize that general discussions do not help as to specifics. If you want us to be specific, I am sure that we could not do it. There would be differences of opinion—some of our people think, for example, that there should be only population control, and others think we should not engage in efforts to furnish food.

Mr. RARICK. As to this question of an emerging nation, could that be those that we are politically involved with, or a nation that has a certain income standard, or what criteria?

Mr. KOCH. I cannot say.

Mr. RARICK. You cannot define the term "emerging nation?"

Mr. KOCH. Yes.

Mr. RARICK. Would Rhodesia qualify as an emerging nation?

Mr. KOCH. As I say, we have not gone into that in this committee. I have some personal views. I can state my personal views.

Our overall committee has not come to grips with this particular problem. We have the so-called specialists in Government who can do that.

Mr. RARICK. I presume that the statement on the last page relating to the gross national product more thoroughly represents the industrial advancement rather than the farm community of the nation. Some of the comments made by my colleagues on the committee do not show any such increase in the income of the farmer. Could that be correct?

Mr. KOCH. This is the production of the entire nation.

Mr. RARICK. What I am referring to is under the per capita share of the entire debt, one-third of our population does not produce and since the agriculture community is not getting what they feel is a fair share, so therefore, if there is an increase in the gross national product, it must be through the industrial advancement.

Mr. KOCH. We feel very strongly—and when I say "we," a great many of us—that if this Nation could produce it would help to solve a real problem here, to help the rest of the world, based on Public Law 480, and if we could arrive at a national policy of spending \$4 billion-plus a year, through American agriculture, that is, most of it through American agriculture, and if we could get the safeguards that have been talked about, we think it would be the greatest thing that has happened to our country for two reasons: (1) that American agriculture would be helped with the problem it now has; and (2) it would flow through all of the economy at the same time. We think it would be better for the Nation if we could plow back \$4 or \$5 billion into our economy, and we would be a lot better off and ahead than by putting that much through munitions. We think that American agriculture should be handled properly, and if we can get the safeguards we were talking about a minute ago, I think American agriculture could be

helped better than in any program we have had. I have had a good deal of experience in agriculture.

Mr. RARICK. You indicate that the bill has had contrary effects in the past.

Mr. KOCH. I do not think that is correct. We have done it the way we are talking about now. You have got to have some safeguards. One of the big safeguards we did not have, and unless we have it you cannot do it properly. If you get a surplus, this committee knows all too well what happens. The prices go to pieces. If we can find some way to protect the American farmer and then pour \$4 billion more into agriculture for this type of program, it seems to me that we could help the American farmer better than in any other program that we could devise.

Mr. RARICK. I think that most of us here want to do that. We are waiting to hear a solution. In addition to feeding the world, we want to also feed our own people in this country. If we do not do something we will destroy our own farm economy—the farms are becoming larger and it is harder to keep the youngsters down on the farms. They all want to go to town and work off a time clock or have a guaranteed annual income, something no farmer can have. Someone will have to raise the food.

That is all I have, Mr. Chairman. Thank you.

The CHAIRMAN. The Chair wants to make one statement. I will try to go around to everybody who is here. I am going to recognize the rest of you who came in late, if you want to be recognized, but I am not going to go around again, because we have spent an hour on this witness and we really should pass on to the next witness.

I will recognize Mr. Hansen now.

Mr. HANSEN. Thank you, Mr. Chairman.

I think that you have an ambitious program. I certainly want to commend you for your optimism and hope for the future. I think that all of us would like to share in this type of thing, because we would like to hope that we could use our vast resources and so forth to help the rest of the world and secure a more stable climate and get ourselves in the position so that we could maybe have some hopes for peace.

I would just like to go through two or three points in your statement that I think are a bit misleading as they are. When you get into the game of playing with figures, you can make them mean anything that you want them to mean, as you well know.

You said something to the effect, on page 11, about the large expenditures during the early 1930's and the staggering national debt. I am sure at the time it looked very large, but by relationship with today's that would probably look rather small. It has been easy for some to say that it did not hurt us then under the circumstances with the gross national product and that our debt now will not hurt us.

And I would like to point that in your next paragraph you say:

Then we went into World War II. If all the dire predictions I had been brought up to believe were going to happen because the early '30s' expenditures were true, it seemed to me we were surely headed for complete national bankruptcy.

And then you go on to say further down that we are doing better now, and you point out comparative figures. I think it is well for you not to overlook such things as the fact that we have a very bad infla-

tional problem now, that the balance of payments in trade is not favorable—that it is less favorable than it has been for some time.

I am not sure that we can paint such a rosy picture.

Further down, you say: "But we are making progress and are a lot better off today than we were 20 years ago."

You talk about the fact that per capita we only owe \$1,642 as compared to some 20 years ago, 1946, when it was more.

There are other things that we have to take into account. Yours are not absolute figures. We have had a big baby crop since 1942. We have a large crop of youths and we have more old people than we ever had. And these people are not figured in. They are not all production people.

Again, figures can be very misleading.

You point out that in 1946 our national debt was 129.4 percent of our gross national product and that it is now only 41.6 percent of our gross national product.

I would like to point out that so far as this is concerned, you have not taken into account our inflationary condition. The dollars that we are in debt are firm dollars, except for the interest that accrues on them, but our gross national product dollars are changeable. You can have a higher gross national product this year than you had last year without any increase in production. Is this not true?

Mr. KOCH. This is possible.

Mr. HANSEN. So, I think you have to be very careful when you go into this sort of analysis, because you can paint the picture one way and someone can come right back and paint it another way.

The thing we can't ignore is that we are in debt some \$350 billion right now, without counting all of the State and other debts. When you are in debt for this much money, you are vulnerable to some sort of a collapse in the economy when something unforeseen arises, which has happened periodically all through history. Our debt is some \$350 billion now, compared to only \$50 to \$100 billion in the early forties. It does not matter if you are a rich or a poor man, when you are bankrupt, your debts are held against you. The more you owe, the worse your problem. It is fine for us to have a rosy perspective and to say that we are a great Nation and we have tremendous potential, but let us be very careful in what we attempt to take on. Let's not be so quick to say that we can take on the rest of the world like Atlas did on his shoulders and do it without any problem. It takes more than just a simple manipulation of figures to consider such an undertaking.

I hope that we can do our share to help other nations get on their feet, but I do not want anyone to get the idea that we do not have serious problems of our own. We owe more money than all of the rest of the nations put together and this is a pretty serious matter.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Hansen.

Does anyone else want to question this witness?

Mr. Miller?

Mr. MILLER. If I may, Mr. Chairman. We have on the front of a booklet passed out by the Committee on the World Food Crisis, Inc., a picture of a child holding up its hand, assuming that the child is hungry, and then we see on the back page of the same booklet a list of companies that are sponsoring the booklet for the war on hunger. It makes me wonder sometimes about the true thinking that some have

about food for peace, war on hunger, and the concern for our farm program that is not up to what we would like to see it. We would like to see the farmer doing better.

When we are talking about this type of thing, as I see it—and correct me if I am wrong—that in some way some should profit from the bill that would be approved. Am I correct in that?

Mr. KOCH. I certainly have a direct interest in this program. In some instances it is very, very indirect. I was amazed at the number of people who are interested. I, personally, am concerned. The National Limestone Institute is not particularly. The Bank of America of California, of course, I suppose they have some interest. I do not see any direct connection. We have a few others that, theoretically, if this really works, would be helped—I suppose that the machinery companies may sell more machinery overseas, and things like that.

Mr. MILLER. How about the chemical companies?

Mr. KOCH. They are interested. There is no question as to some of these, that they are directly interested. I did not mean to say that they were not. If you go down through the list of our directors you will find that every segment of the economy, the labor unions, the church groups are in this—every group that you can think of. The churches have been very active in this. We could name thousands of people like these who really believe that they would like to help on this problem. These people are listed on the back, and, by the way, merely sponsored this particular conference that was held a week ago. It is true that some of them would have a direct interest, no question about that, but a lot of the people associated under this big umbrella have no monetary interest at all as individuals, and they are anxious to do their part.

Mr. MILLER. My concern is that we do have a true concern for those who are hungry and that we do have a true concern for our farmers today who are caught in this pinch, but it seems that this type of thing reflects back on the farmers.

Mr. KOCH. You mean this type of effort?

Mr. MILLER. The type of effort sponsored by people who may have some advantage for their business by sponsoring such a program.

Mr. KOCH. That is possible, I guess. Some of these sponsors listed here were not sponsors before this conference. They advanced \$250 to put on this conference that was held, and yet some of them did not even attend. Maybe we should not have taken their money.

Mr. MILLER. Thank you. That is all, Mr. Chairman.

The CHAIRMAN. If there are no further questions of Mr. Koch, we are very much obliged to you, Mr. Koch.

These questions do not necessarily mean that the members are critical of your interest in this matter, but they simply indicate that there are differences of opinion as to how this should be handled. We are glad to have had your views.

Mr. KOCH. Thank you.

The CHAIRMAN. Now, I believe that Mr. Reuben L. Johnson, director of legislative services, National Farmers Union, has a presentation to make.

We are glad to have you here, Mr. Johnson.

The committee is not opposed to trying to be helpful, but we are primarily attempting to achieve a practical way of being helpful. I think that it is somewhat repetitious to simply suggest that we want

to help people from starving. We do, but we want to know how best to do that.

**STATEMENT OF REUBEN L. JOHNSON, DIRECTOR OF LEGISLATIVE SERVICES, NATIONAL FARMERS UNION, WASHINGTON, D.C.**

Mr. JOHNSON. Mr. Chairman, we are here to share with you our comments.

I am Reuben L. Johnson, director of legislative services, National Farmers Union, 1012 14th Street NW., Washington, D.C.

Mr. Chairman and members of the House Agriculture Committee, at the outset of our statement I would like to spell out precisely and as briefly as possible recommendations of Farmers Union in regard to the extension of the Public Law 480 program which President Johnson referred to in his farm message on February 27 as the food-for-freedom program.

1. We support the President's request of Congress to continue the food-for-freedom program for 3 more years—to December 13, 1971. The President properly emphasized the great contribution that our food-aid program has made in the war against hunger.

2. Farm producers of food and fiber must have the safeguard of an adequate price structure supported by Government where necessary so that farm families who continue to find themselves economically disadvantaged as compared to other sectors of the economy will not be called upon to subsidize foreign policy objectives of our Nation—objectives which are equally important to every citizen.

3. Our food and fiber should be used under Public Law 480 as an instrument of foreign policy. We should place emphasis on using food in ways that make a lasting contribution to the ability of needy nations to feed their own population.

4. The cost of carrying out this program should be charged to the agency which has the responsibility for foreign policy.

It does not mean that it should administer all of the programs. It should be charged to the agency or agencies that have the responsibility of conducting our affairs with other nations.

5. We urge greater use of long-term, low-interest rate loans authorized under title IV of the act.

And, Mr. Poage, every time I see or hear mention of title IV I am very conscious of your personal role in the addition of title IV to Public Law 480.

6. We should continue where possible to administer the program in ways which will contribute to the development of commercial markets for farm commodities produced in the United States.

7. There is an urgent need to increase the funds available to pay for food and fiber aid. We further ask that the administrators of economic development programs work to better coordinate food and fiber aid with other economic assistance.

8. We support—in the whole context of this food-aid effort—the establishment of a national food bank as called for by President Johnson in his farm message yesterday to create a strategic national reserve of wheat, feed grains, soybeans, and other commodities.

Let me stress again, Mr. Chairman, our concern that no action be taken that will in any way weaken our farm programs. It should be

economic demand, not the need for food that farmers should be asked to respond to.

Farmers have a moral concern for the hungry wherever they may be but compassion is not a substitute for fair and adequate prices and income for the portion of their production which goes to feed hungry people under the provisions and terms of Public Law 480. Farmers simply have to be paid for this production as industry is paid for production utilized under other economic assistance programs of the Nation. No one expects manufacturers or factory workers to shoulder the cost, or any portion of the cost of goods and services related to our non-farm economic assistance; nor should farmers be expected to do so.

In a recent address our national president, Tony T. Dechant, commented on the question of what the world food problem means to the farmer. He made some rather sharp comments that I would like to quote. The comments were made in October 1967 at the Midwest Farmers in a Hungry World symposium at Sioux City, Iowa.

I quote:

Agriculture gains every year in terms of farm commodity exports and use of food in international programs. Yet farmers still are forced to settle for income levels that lag far behind other sectors of our fast-moving economy.

I want to briefly explore some reasons why this is so . . . and review the record of who is making the money now in the agricultural sector.

I think it's appropriate, first, to focus on the big commodity processors who make money on a per-bushel or per-ton basis, and clearly have a vested interest in more farm production and low farm prices.

Where are they when farmers need help on policies proposed to raise farm prices and income? I think you know the answer.

Their lobbyists are in Washington right now pressing for a bigger feed grains program. (That was in October of last year, may I point out?) They just finished applying the heat to the Administration to get a big increase in cotton production.

And last summer they pushed hard for a bigger wheat allotment.

. . . The Department of Agriculture's recent field hearings show overwhelming farmer sentiment for substantial cuts (wheat and feed grains programs). I think farmers were trying to tell us something.

The conclusion to be drawn is that the world food problem, for processors at least, means bigger profits.

I'm concerned, too, over all the farm magazine ads urging farmers to buy high-priced tractors and new chemical sprayers and expensive fertilizer applicators so they can join in the war on hunger. Machinery is bigger, it costs more, and farmers are constantly pressured to buy it.

Yet with farm machinery prices up 5 percent this year and estimated farm income down 10 per cent, due in part to overproduction, it does not take much figuring to draw the conclusion that the world food problem, for farm machinery companies, too, means bigger profits.

Then there's the grain trade, and the transportation industry, and others that make money on the basis of volume with little regard to price levels. They, too, want more production.

The conclusion to be drawn from this is that the growing world food problem also means bigger profits for those who store and handle and ship farm commodities.

And, finally, the food chains that retail the food consumed by our growing population also prefer an abundance policy. Low farm prices, more than anything else, has enabled this area of agribusiness to greatly increase its share of this country's \$95 billion food bill while the share left for farmers has declined to less than 40 cents on the dollar.

Research reported by Cornell this week shows food chains this year probably will net just under 11 per cent on their investment. That profit figure, which would be fantastic for a midwest farmer, was termed alarmingly low by a complaining food industry spokesman.

I have reviewed the role of agribusiness in this way for one purpose—to point up the desperate need for a way to count farmers in on their fair share of the world food program. Farmers need a fair share of the profit made from our

growing export volume, expansion of Government food programs at home and abroad, and the rising volume of food consumed in our own country.

Companies that deal with farm commodities, as this review shows, aren't going to help raise farm prices and income. The over-production that breaks the farmer is the abundance that makes money for agribusiness.

I would urge, therefore, that we have more research in farm bargaining, on how to strengthen farm co-ops and expand into new fields, on developing new sources on long-term credit, on farm size efficiency, on the movement of conglomerate non-farm corporations into farming, on marketing orders and quotas, on livestock and poultry marketing, and on market reporting.

Farmers, as the last major unorganized sector of our economy, need and deserve help in improving their incomes and financial position. I hope the land grant institutions will take the lead in these areas. They would certainly have the enthusiastic support of farmers, most farm organizations . . . and, most important, the statesmen who direct the important war on hunger.

I would like, with your permission, Mr. Chairman, to insert in the hearings the full text of the address from which I have just quoted.

**The CHAIRMAN.** How long is that?

**Mr. JOHNSON.** It is not very long. It is about maybe a third longer than I have just read. I just thought that I would not put all of it in at this point, reading it.

**The CHAIRMAN.** We do not mind that, but it might be 15 pages?

**Mr. JOHNSON.** It is not that long. It is about eight pages. I just picked out a few parts of it. I think some people might be interested in seeing some of the other remarks that our President made. I think he rather accurately spelled out the dilemma that the farmers face.

**The CHAIRMAN.** I think I must ask the committee on that. I have raised that point too many times here, that we are not going to insert into the record these inserts that cost about \$200 or \$300 a page unless there is some purpose. We are perfectly willing to let you complete any statement or anything of that kind to be in this record.

**Mr. JOHNSON.** I have quoted from it and have made a few points from it. I withdraw the request.

Wheat and feed grain producers are disappointed by the sharp drop in prices in 1967 from those of a year ago. Unfortunately 1967 grain production in the United States coincided with a near record world wheat crop and record corn crops in competitive export nations. The season average price for wheat will be about \$1.40 per bushel—some 15 cents over the loan, but about 20 cents below last year's season average price. The corn price will average around \$1.07 per bushel—about 17 cents below last year's price.

There is every indication that so-called agribusiness interests understand, as farmers themselves do, that American agriculture has great capacity to produce far more than it does now. For most of the past decade there have been more than 50 million acres withheld from production through various programs. This is about one-fifth of the total acreage harvested in 1967 and about one-third of the grain acreage harvested that year. Some of the 50 million acres was quickly returned to production in 1967 when it was thought that additional quantity of both wheat and feed grains would be needed. History recorded the results of what too much production of wheat and feed grains will do to price and income, and farmers are responding to their lesson in economics by signing up in greater numbers this year in these commodity programs.

A recent Department of Agriculture study indicates that the United States will continue to have excess agricultural capacity through and

beyond 1980. We simply have to project intelligently food and fiber needs for domestic use, for commercial export markets, as well as for use under the food for freedom program. These projections must be accompanied by farm program safeguards—especially as related to budget for commodity programs and for the food for freedom programs—to secure parity prices for all farm production. Farmers should not be expected to continue to subsidize economic assistance programs of our Government as they are doing today.

The CHAIRMAN. Thank you, Mr. Johnson. We appreciate your statement.

I am going around in the reverse order this time, and I will start with Mr. Myers.

Mr. MYERS. No questions.

The CHAIRMAN. Mr. Rarick?

Mr. RARICK. No questions.

The CHAIRMAN. Mr. Zwach?

Mr. ZWACH. I would just like to commend Mr. Johnson for really pointing up what the problem of opening the gates too wide in production is, without economic demand and ability to pay our farmers. I want to commend him for this presentation.

Mr. JOHNSON. Thank you very much.

The CHAIRMAN. Mr. Brasco?

Mr. BRASCO. No questions at this time.

The CHAIRMAN. Mr. Mayne?

Mr. MAYNE. No questions.

The CHAIRMAN. Mr. Montgomery?

Mr. MONTGOMERY. No questions.

The CHAIRMAN. Mr. Burke?

Mr. BURKE. No questions.

The CHAIRMAN. Mr. Dow?

Mr. Dow. No questions, Mr. Chairman.

I merely want to commend Mr. Johnson on a very good statement.

Mr. JOHNSON. Thank you.

The CHAIRMAN. Mr. Miller?

Mr. MILLER. Yes, Mr. Chairman, if I may.

I was interested in some of the remarks that were made concerning the last witness where we were talking about fertilizer and chemical people, the handlers, and the bankers concerned with this program.

Is it your idea, also, because of the concern of these people that it is quite apparent that there is a profit derived from such a bill?

Mr. JOHNSON. I would respond to your question in this way: We are not against the profit, we would just like to join the fertilizer and the chemical people and the farm machinery manufacturers in making a profit ourselves. I am not here to talk about anyone's motives or to impugn their motives about this program. I was, frankly, quite impressed by Mr. Koch's statement somewhat along these lines, of the statement that I made about the needs of the distressed farmers. I do not think that it takes very much insight to see that all of us in the food production industry, including agribusiness, would profit from selling more of our commodities, if they would make a profit. I just want to make it clear that we would like to join those who are making the profit. And I think that we can. I think there are some things that can

be done. For example, I mentioned here the food reserves—the food and fiber reserves.

Several organizations got together and met in Washington about a month ago. We put together the best parts of your bill, Mr. Zwach and Mr. Kleppe's bill, with a bill that Congressman Purcell offered, and we came to an agreement. We have the best features of those. The President embraced this compromised bill in his message yesterday. I was very grateful to see that, Congressman Purcell. I believe that if we had the authority for the Commodity Credit Corporation to go out and buy the reserves and then put it into this noncommercial use such as this program constitutes and provides for, that we could keep a balance here in supply in terms of demand and that we could keep this from being a depressant on the prices that it obviously has been this year, this past year, this marketing season.

Mr. MILLER. Thank you.

That is all, Mr. Chairman.

The CHAIRMAN. Mr. Jones?

Mr. JONES of North Carolina. No questions.

The CHAIRMAN. Mr. Vigorito?

Mr. VIGORITO. No, thank you.

The CHAIRMAN. Mr. Wampler?

Mr. WAMPLER. I want to commend you on a very good statement, Mr. Johnson. I was particularly happy to see that you noted that greater use should be made of the farm loans authorized under title IV of the act. I quite agree with you.

I further agree that our Government should use Public Law 480 more effectively in the future than we have in the past. In the last session of Congress, I voted for the wheat for India bill, but I voted against the foreign aid bill. It seems to me that we are very inconsistent in our actions in foreign aid. I hope that we can use the abundance that we have in this Nation, use the agriculture abundance and try to use some commonsense in this problem.

I am sure, as you stated here, that Public Law 480 would be very helpful in this direction.

Mr. JOHNSON. I am very much encouraged that President Johnson last year in his comments gave direction to this program in terms of making it operate in such a way that we can increase the consumption of food that we have. It was very helpful. I think that there are ways that we can use our food. I think there has been some progress made; I think that we need some more.

Mr. ZWACH. I appreciate your statement.

That is all, Mr. Chairman.

The CHAIRMAN. Mr. Purcell?

Mr. PURCELL. Mr. Johnson, I want to comment, and not present a question. I do want to say that I think you have made a good statement here and that you recognize some of the problems. I would like to emphasize what I think you said in response to questions put to you. It seems to me if we are going to really expect our free enterprise system to work the way that we all say that we want it to work, we must not frown on those involved in this or any other kind of legitimate business for trying to make a profit.

I would just like to reemphasize that I think all of us sometimes fail to be aware of what the problems really are. We want the farmers to get into the mainstream of the regular commerce of our country and to be able to share, not unreasonably, but adequately, as the other segments of our economy do. This, whether it is the producer in agribusiness or those in industrial endeavors who are not directly related to agriculture. It seems to me that we must constantly strive to do a better job on informing the other segments of our economy what our problems are and its needs. When we do that, we must point our efforts at the production side of the farm area and then we can probably get a lot more support from those not directly related to agriculture than we do from each other. As long as we continue to disagree so violently on the methods to be used to arrive at this, I think that we will continue to have difficulty and that the consumer will not understand what we are saying.

Mr. JOHNSON. I agree fully with that. I have already been pleased to find that the chairman of this committee and the leadership of the House have seen fit to provide for a consumer representative. Mr. Bracco is that member of the committee who looks after the consumers' interests this year.

Mr. PURCELL. And Mr. Dow.

Mr. JOHNSON. And Mr. Dow, too. We may have another one.

Mr. PURCELL. I want to go on record as saying that they appear to be just a little wooly. [Laughter.]

Mr. JOHNSON. Well, I was talking to a representative of organized labor recently, Mr. Biemiller, and I asked him: "Do you not think that this reserve bill is just as good for the consumer as it is for the farmer?"

And he agreed with me. I think maybe it would be real helpful when the Senate gets some kind of a bill over there that looks like it might be acceptable here in the House, if we could get some of our friends, our city friends, to introduce it. I believe that the consumers are concerned about having enough food, and I would hope that we would have some recognition of this reserve bill somehow.

I might say, Mr. Purcell, that I suppose that we in the Farmers Union throughout the years have probably made more effort to communicate with the city members of Congress than any other farm organization. We work at it. We have people by the busloads come to town, and they are here now. I expect some of these city members may get tired of seeing these farmers. We think it is good for the city Congressmen to have a farmer in his office once in a while. This fellow is out there making a living. We think it is good just to see him, which is something that most city Congressmen would not see if the farmer did not make an effort to visit them.

I would say that we have a great deal in common with the consumer representatives, we, in agriculture. We need to build onto that relationship in terms of common objectives.

Mr. PURCELL. Thank you.

That is all.

Mr. JOHNSON. I appreciate you giving me the chance to make this speech, Mr. Purcell.

The CHAIRMAN. Mrs. May?

Mrs. MAY. Following up what Mr. Purcell said:

Do you not agree, Mr. Johnson, that everybody is a consumer?

**Mr. JOHNSON.** Of course.

**Mrs. MAY.** I wanted to point out that Mr. Dow considers himself to be a consumer representative. I think that everyone of us on this committee represents consumers in our districts.

**Mr. JOHNSON.** Certainly you do, and we say that the farmers are the biggest consumers.

**Mrs. MAY.** Some members tend to differentiate.

**Mr. JOHNSON.** We are consumers of a lot of the goods that are made in the towns by the people in those towns.

**Mrs. MAY.** The point which you and Mr. Purcell were talking about there, I think you have put the problem in very good perspective in quotes from your president's speech. He has done an excellent job, particularly where he said that overproduction breaks the farmer in agriculture. We can assume that agribusiness does not remain in business without the farmer anymore than the farmer remains in business without agribusiness.

Are you aware of any attempt by any organization to hold any public dialog between agribusiness and those who represent the producers, the farmers, over the mutual stake they have in achieving their mutual goals? That we must have for the farmers a fair return for the amount of effort and money they put into their business so that they can continue to produce food, not only for domestic consumers, but for the people of other countries who need help?

**Mr. JOHNSON.** You say, am I aware of any efforts being made? Yes, I am aware of efforts being made.

And Mrs. May, as a representative of the producers, I become somewhat exercised at times over seeing so many agribusiness people in the corridors at the Department of Agriculture. In fact, in one consultation meeting with wheat exporters and processors, I suggested to one of the officials of the Department that these agribusiness people ought to spend more time over at the chamber of commerce and let us farmers run our own Department without their interference. I did not meet with very much success in the carrying out of the suggestion in that comment.

I note that the Secretary recently spent considerable time with the grain exporters and others in the grain trade, the board trade, people trying to convince them that the international grain arrangement would be good for them. I think it would be good for them.

After they left the Department, they met downtown and they decided it would not be good for them.

I recognize that this committee and this House of Representatives do not have to act on the international grain arrangement. We have to get two-thirds of the Senate if we are going to continue what, in effect, has been an international wheat agreement approach which we think is an extension of our domestic program. It is good for the farmers. Everyone agrees on that. And the Secretary made an effort—and I must commend him for it—to try to get the support of this agribusiness group, if you please, and he did not get it. I do not know why we have to constantly try to work with agribusiness, to tie it into this, but we do have the problem. And I, frankly, think that if agribusiness, for selfish reasons, decided that the farmers had to be counted in or they would not make it, you would get a plus there. Let them

be a little bit more humane toward our interests than they are—agribusiness, that is.

**Mrs. MAY.** So that in the long run, it is not a matter of why they come to church so long as they come to church.

**Mr. JOHNSON.** I am not sure I said it just that way. You made that point.

**Mrs. MAY.** I just wanted to comment that it is just as good business judgment for agriculture and agribusiness to get together on this as it is for Government officials to think about it at the top policy level. I'm anxious for them to sit down together to talk about these mutual interests and problems.

**Mr. JOHNSON.** One piece of advice I would like to give them in such a meeting—and, in fact, I guess they will get it today, if they read this record. I would like to advise them to stay out of the productive side of agriculture. We think we have a pretty good system in keeping farm families employed on the farms. We think this is a most efficient way and the best structural way to produce our food in a social sense, and we regret to see a lot of outside people coming into the productive side of agriculture. We would like to keep on that side and let them do the processing. Let us start to promote the building of the family farm system which we do to a certain extent, and have done.

And as to corporations that are going into agriculture for tax reasons, in some instances, and, also, in some instances as means of getting greater markets by lining up the food production, processing, and distribution, all into a vertically integrated type of system which we do not believe in—

**Mrs. MAY.** As you know, agribusiness in that area is probably going to continue to broaden holdings. But certainly I do believe they should accept the responsibility that goes with this development. If this trend continues in rural areas, what is there to cushion impact in loss of taxes, and the building of grower-producer relations, and so forth?

**Mr. JOHNSON.** Again I go back. I think that there should be top-level discussions between the farmers and agribusiness who should sit down together where they can meet the other and each take their share of the responsibilities to keep one another in business in this country.

**The CHAIRMAN. Mr. Abernethy?**

**Mr. ABERNETHY.** Mr. Johnson, the subject before the committee is the continuation of Public Law 480. And to my judgment there has been no recommendation of any changes in the structure of the legislative act or the processes by which the act will be administered.

What is the position of the Farmers Union now?

**Mr. JOHNSON.** You mean on changes in the act?

**Mr. ABERNETHY.** Whether we should continue the act as it is, or not.

**Mr. JOHNSON.** We are for continuing it.

**Mr. ABERNETHY.** For continuing it?

**Mr. JOHNSON.** Yes, of course.

**Mr. ABERNETHY.** All right. Could there be worked into the subject matter before the committee; that is, the continuation of the act, the very acceptable and ideal proposals that the gentleman has made?

I do not disagree with what you suggested here this morning. I do not think that anyone on the committee does. How do we get that worked into Public Law 480?

**Mr. JOHNSON.** What specifically are you referring to?

Mr. ABERNETHY. Increased farm income, for instance.

Mr. JOHNSON. I think that the reserve proposal that we have been working on over in the Senate would be one of the additions that would make this act work better and would help. In other words, to maintain a balance, a better balance between supply and utilization.

Mr. ABERNETHY. You are speaking of food and grain reserves?

Mr. JOHNSON. Yes, sir. I think that the Commodity Credit Corporation now can acquire these commodities only through the regular loan channels. The price-support loan programs. As you are aware, under this reserve proposal—and it is in Congressman Purcell's bill—the Commodity Credit Corporation would have the authority to actually purchase it.

Mr. PURCELL. But they would only purchase it at what they are now purchasing it for. You will find that they are getting that—that is, for what they are producing now. Would it not up the prices for the reserve share?

Mr. JOHNSON. I think that if we close that gap on excess production and get the supply down nearer to what the utilization is and keep that in constant balance through the whole year, that we would see the market prices go up.

Mr. ABERNETHY. Do you mean a cutback on the production?

Mr. JOHNSON. To keep out any excess supply that may affect the market price. I gave the figures over here. The wheat price this year as compared to last year, for the season, averaged 20 cents lower. I figure that this is 20 cents per bushel that the farmer might be subsidizing the food for freedom program, because we produced that in response to what we thought the needs were, and what everybody else thought the needs would be, and we got a depressed market price in wheat of 20 cents a bushel, and that, in my opinion, is right out of the farmer's hide. He grew the food. He was penalized because he grew it. If we could pull that out and had moved it over here and channeled it into the food for freedom program eventually, and other noncommercial markets, fine.

Mr. ABERNETHY. How would you insulate it so long as it is in existence?

Mr. JOHNSON. If it is not available through the regular market channels, the regular pipeline, in effect, it is insulated. I agree with you that its just being there might be something. We have the protection in this bill—the several organizations that I mentioned agreed upon not taking that out. It has got to come out in response to a price of 75 percent in the case of wheat and also it would have to have some kind of unnatural condition, a military act or some other act and a need before you can pull those stocks out and use them.

Mr. ABERNETHY. You mentioned the food reserve as a means of arriving at the objective of an increase in farm income from agriculture. Bear in mind we are still considering just how it might be of help in reference to this proposed reserve.

What other proposal do you have to do with this?

Mr. JOHNSON. We have advocated an export certificate on wheat, an increase in feed grain price support.

Mr. ABERNETHY. What else would you suggest to help increase this or to come back to this ideal income situation?

Mr. JOHNSON. To get down to the fundamental question, it all comes down to money. How much money are we going to put into these programs?

Mr. ABERNETHY. I have thought about that. That is the reason I asked this question. It is a very easy matter to present an idealistic situation that we would like to have, or to draw a picture of it, but we here are charged with the responsibility. We cannot just draw pictures. We have to do something, if a method can be found. The job is for this committee and the House and for the committee on the other side of the Capitol and the Senate. I will be very frank to say that we need a lot of help. I do not know how to do it. I do not know that anybody does.

Mr. JOHNSON. You have got me on one of my favorite subjects. We will be up here talking to other committees, I assure you. We make an appearance each year before another distinguished committee chairman, Congressman Whitten, and his Subcommittee on Agricultural Appropriations. We appear here before a committee chaired by a very distinguished Senator from Florida, Senator Holland, on the Senate side, and we have had sympathetic ears from these two chairmen and the members of those subcommittees.

Mr. ABERNETHY. You still have that problem.

Mr. JOHNSON. Yes, we certainly do. This is something that we are going to have to work on, on the broad front. We have Congressman Abernethy, to do that, and I hope that you have a chance to review the bargaining act which the President referred to quite extensively in his message yesterday. He made some very good comments in regard to it. I think that this is a vehicle to be used in putting the farmer into this mainstream of business, of commerce. It is something that would not be a substitute for what we now have but would be superimposed on these programs that we have, to give the farmer a further opportunity to increase his income and his price position through joining together in a common action in bargaining. It has two alternatives in it: One follows closely the National Labor Relations Act program with some modification. The other one would use an expansion of the Agricultural Marketing Agreements Act approach on a market order basis.

Mr. ABERNETHY. I am familiar with that.

I do not want to take any more time, Mr. Chairman.

I think that this is going into detail on another bill.

I thank you for your suggestion. The Department and Congress are trying to come up with some kind of a legislative proposal to improve the income of our farmers, and that is the reason that I have asked these questions.

Mr. JOHNSON. If I may just make one further comment.

I would direct your attention to the several points that the President included in his message yesterday. Those several points are on page 5 of his message, and those points are almost exactly what most of us in organized agriculture have been talking about over the past year. He could not have done it better. The several farmer organizations that share our belief feel that we need to do more to give the farmers a market price.

Mr. ABERNETHY. Thank you, Mr. Chairman. That is all.

The CHAIRMAN. Mr. Gathings?

Mr. GATHERINGS. No questions.

The CHAIRMAN. We are very much obliged to you, Mr. Johnson, for a splendid presentation of your views. I think that we are going to have to go a little farther in going into the specifics of what we should do. We went rather far afield this morning on this phase of agriculture. I think we are going, before we can get very far with Public Law 480, to have to talk specifically about how it is going to raise the income of the farmers and what it will need, because that is the legislation before us right now.

Mr. JOHNSON. I was more than delighted to be enticed into some of the areas that we discussed. I consider Public Law 480 as part of the total package as to the farm problem.

The CHAIRMAN. Yes. We are only interested, however, in Public Law 480 this morning.

Mr. JOHNSON. I understand.

The CHAIRMAN. And I think the question we are going to have to answer is how the extension or the failure to extend or to change Public Law 480 affects the situation, and we will discuss it more tomorrow with other witnesses.

We are obliged to those who have been with us this morning.

Tomorrow we will hear from Mr. Graham of the National Grange, Mr. Foster who is associate professor at the University of Massachusetts, and who represents the Friends Committee on National Legislation, and Mr. Hofer, who is the executive vice president of the Association of Wheat Growers, and possibly Mr. Jack Lynn of the American Farm Bureau Federation.

The committee will stand in recess until 10 o'clock tomorrow morning.

(Whereupon, at 12 noon, a recess was taken until 10 a.m., Thursday, February 29, 1968.)



## EXTENSION OF PUBLIC LAW 480

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THURSDAY, FEBRUARY 29, 1968

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON AGRICULTURE,  
*Washington, D.C.*

The committee met, pursuant to recess, at 10 a.m., in room 1301, Longworth House Office Building, Washington, D.C., Hon. W. R. Poage (chairman) presiding.

Present: Representatives Poage, Gathings, Abernethy, Abritt, Jones of Missouri, Purcell, O'Neal, de la Garza, Jones of North Carolina, Dow, Montgomery, Rarick, Belcher, Teague of California, Dole, Hansen, Goodling, Miller, Mathias, Mayne, Zwach, Kleppe, Price, and Myers.

Also present: Christine S. Gallagher, clerk; Hyde H. Murray, assistant counsel, and L. T. Easley, staff consultant.

The CHAIRMAN. The committee will please come to order.

We are met this morning to further consider the extension and possible modification of the existing legislation known as Public Law 480, and we have four witnesses this morning. I am going to try to keep them to about a half hour apiece. Our first witness is Mr. Harry L. Graham, legislative representative of the National Grange.

We will be delighted to hear from you, Mr. Graham.

### STATEMENT OF HARRY L. GRAHAM, LEGISLATIVE REPRESENTATIVE, NATIONAL GRANGE

Mr. GRAHAM. Mr. Chairman, and members of the committee, some people call it "Food for Peace," some call it the "War on Hunger," some call it "Public Law 480," but for 100 million recipients of U.S. assistance in feeding the hungry, it is an act of mercy and an expression of brotherhood which finds no equals in the history of the world and the relationships in that world between nations.

The stories about it are legion. The Food Administrator for AID told me 2 weeks ago that at one time, last year, he was feeding 9 million schoolchildren per day in India. Public Law 480 shipments increased the diet for 100 million people in India from 4 ounces of wheat per day (which is starvation) to 6 ounces per day, the lower level, as I have indicated, meaning starvation, the higher level meaning survival.

This project has meant a new and very satisfying relationship between this Government, its voluntary agencies, and recipient nations and peoples in dozens of countries around the world. CARE reported feeding more than 9 million people a day, also last year in India, in two provinces alone. Church World Service and a whole list of relief

organizations, Catholic, Jewish, and Protestant, have cooperated in this ministry of mercy to keep people alive, and to try to protect the learning capacity of children, even before they are born.

It has been well established that inadequate diets before the age of 4 and beginning even with the unborn fetus can permanently impair the learning capacity of the child for the rest of its life. It has another factor which is more easily recognized and that is the stunting of growth. One of the most dramatic examples of what this program has accomplished was in Japan which depended so much on the food for peace program after the war. Reports indicate that today's young people in Japan are 4 inches taller and 20 pounds heavier than their parents.

However you call it, even with some of the problems of distribution that have arisen, and with possibilities of some maladministration, this has been one of the most amazing and heartwarming programs ever conducted by any nation.

It began with an attempt to remove the surplus food which had accumulated in the United States and to put it into a practical use. It was a combination of humanitarianism and practical economics, and represented the traditional American cultural attitude inherited from the Europeans which looked with disfavor on the waste of foodstuffs.

It ended as probably the best market development device ever used by any country. The major purchasers of U.S. agricultural commodities today were all of them, at one time, recipients of food for peace and other aid programs. Let's just look at this list:

Japan, Spain, Israel, Korea, Taiwan, Iran, Brazil, Peru, and Chile. And this list was done while I was gone, and I would add: Germany, France, England—practically all of the European countries—Italy, Greece.

After 14 years of successful operation, the question of the renewal of the war-on-hunger program which expires at the end of this calendar year is before this committee, even though there is no bill which has been introduced for our consideration. All of us were aware of the calendar of events which requires this distinguished committee to render its judgment and offer its advice to the House of Representatives.

The Grange believes that the program should be continued. We believe that the restrictions and directions given to the program by this committee and the Congress in 1965 are adequate to increase the participation of the recipient countries and to minimize the cost to this Government. We would also point out that the agreement which was negotiated as a part of the Kennedy round should extend the participation of other governments in this effort to prevent famine and the inevitable political disorder which follows it in many countries of the world.

We would not be prepared to argue with the committee if it wanted to make a careful evaluation of the administration of these programs and to suggest improvements in the distribution policies that would maximize the effectiveness of this program. Our own feeling remains that this should be largely an effort to assist the developing countries and the food-deficit nations to help themselves. Restrictions on the use of technical aid supplied by the United States should not be included, nor should this be cut back to other pressures upon our economy.

The stark, staring fact which remains before us is that if we are to prevent famine during this century when the world population will rise to more than 6 million, there simply is no time to be lost, not even a month, in our efforts to harness the productive capacities of the food-deficit nations and to maximize their production.

Long-term research projects, such, as those that have developed the IR-8 rice and the Sonora wheat, and which are now being used to develop pesticides, rodenticides, insecticides, herbicides, fertilizers, and improve seed varieties, simply must be continued because such research cannot be interrupted without losing most of the value of the previous research.

We approve the inclusion in the 1965 bill of the farmer-to-farmer concept or a Farmers Peace Corps, as it is sometimes called, and would support whatever legislation the committee would consider to see that this program is implemented and carried out.

At the other end of the line, we have been much impressed by the use of U.S. food donations as capital to hire workers to do jobs that badly needed to be done in the developing nations, especially when those jobs make a contribution to the development of the food production potentials of these nations.

We would note that, with the exception of the technical aid and assistance, that this money stays at home. We fail to understand the argument that the continuation of this program would contribute to an increasingly adverse balance of payments. In rebuttal to this, we would point out that the whole program could be killed and our balance of payments would still be unfavorable. The same could be said for almost all of our unilateral, or bilateral, aid projects.

The problem of the balance of payments is considerably more deep-seated. A major problem was discussed by us at the time we presented our views on the report of the Council of Economic Advisers to the Joint Economic Committee. And we included an excerpt from our statement before the Joint Economic Committee as an appendix to this testimony here—appendix 1.

The extension of Public Law 480 in its present form with some minor changes might be recommended by the committee or the Department in the administration of the legislation has a critical implication for our country and for the peoples of the world. If it was to bog down on the basis of unreserved selfishness on the part of the American people, then its adverse effect on the developing nations would be catastrophic. We have already severely restricted our aid program to them, and where they did not have administration of sufficient ability to carry out the programs, this restriction was justified.

I would submit to the committee that the decision to not build a steel mill is not quite the same as the decision not to supply food to avert starvation. Neither should the reluctance to extend Public Law 480 be equated with a seeming demand for the expansion of our arms aid to countries which have really little practical need for sophisticated weapons. The question of how we live on this planet should probably take priority over our attempt to find out what the moon is like during the long day and the long night.

At this point, I simply refuse to believe that the American people will not rise to the problems that face them if they are told honestly and candidly what these problems are. I even believe that they would

accept the surtax without any political repercussions if the administration, the Congress, and the public figures in the United States would lay their cards on the table face up as to what it is that we face in the coming years.

The problem is not whether or not we have guns and butter, we obviously have to have both. The internal problems in the United States and the external problems which we, along with the rest of the free world, face around the world, are going to be with us for some time. The problem is whether we have butter and jam, both, in the private sector. The fact is that the average standard of living of American people is so high that it is almost ridiculous. The average American is unwilling to pay the extra tax simply because he has not been told how extremely critical this situation is.

In that light, I would point out that we are paying about \$4 billion a year for diet aid to keep from gaining weight, and we are talking about somewhere around \$9 or \$10 billion in the surtax. The two just do not add up.

The administration was reluctant to really push a tax hike that was advised by the CEA last year, and there are a great many Members of the Congress and of the Senate who know that a tax increase is as inevitable as day following night but who are not in agreement. This can very well be the fate of this excellent and profitable program which we consider here today.

If we could have a 30-day moratorium on politics while this is being considered so that the needs of deprived people around the world could at least have a minimum level of satisfaction, if the alternatives of world hunger and chaos with its inevitable political convulsions which follow, if the basic economic wisdom of this investment could be presented with the net value of our country in terms of markets which have been developed as a result of this program carefully cataloged, to say nothing of the fact that this is about the only way that an individual in our corporate society of 200 million people can effectively share with needy people around the world as we, as a Nation, attempt in some measure to follow in the footsteps of the Good Shepherd, the gentle Jesus, then I believe this and other necessary programs of this Government could be funded, and would be, by the American people. They have not shown a reluctance to make sacrifices when sacrifices were demanded. The question which now remains unanswered is whether this Congress and the administration are going to ask for and expect these sacrifices and build support for this and other worthwhile programs by a candid appraisal of the problems and report to the people of the same.

This committee has not been unconcerned with this problem in the past nor do I think it will be in the future. So much of great import depends on your decisions. There is a real possibility that in this world's teeming populations, the number of people whose life or death will be determined by the action of this committee, is the equivalent of the total population of the United States. This fact cannot, and must not, be lightly dismissed.

I would just say a quick word on this appendix, because it is a study of what our economic situation has actually been and a quick report on some of the things that I learned in Germany last fall when I was over there helping evaluate the Marshall plan and some of the

decisions that are being made by the German Government, by the German labor unions, and German industry in terms of their own balance of payments and extension of their exports.

I think what they are doing over there should be of interest to us and probably would be profitable to us if we would take a good look at the way they are doing, because they are doing a pretty good job. It has improved.

That is the conclusion of my formal testimony, Mr. Chairman.  
(App. 1, submitted by Mr. Graham, follows:)

#### APPENDIX 1

##### EXCERPT FROM STATEMENT OF THE NATIONAL GRANGE BEFORE THE JOINT ECONOMIC COMMITTEE

The Report of the C.E.A. showed an unemployment rate of 3.8 percent, a rate that has not been lower except twice in 169 months. With total employee compensation up \$33 billion, and total consumer income after taxes up \$35.5 billion, combined with an all time high in industrial production with a yearly rate of growth in the Gross National Product of 4.5 percent, this is a continuation of the longest period of uninterrupted growth in our history.

On the industrial side, we see undistributed profits in the non-farm corporate businesses of \$2.5 billion and net working capital of \$196.3 billion. This is after bond yields have increased for the Aaa bonds by 38 cents and for the Bbb bonds by 60 cents during the last year with total liquid assets up \$47.1 billion.

If we may return to the expanded profits and wages to which we previously referred, we would like to discuss it in a different context. This is its effect upon our international trade and the rise of protectionism in the United States. With labor contracts expiring in the steel industry this summer, and with already announced goals of increases of 8 percent or more being sought, it is pertinent to relate this to the attempts to impose import quotas on foreign steel.

This would simply lock-in our inefficiencies in the competitive steel business and charge these inefficiencies to the consumer. While agriculture has been at the head of the technological revolution, producing its products to sell on world markets at competitive prices, making the greatest contribution to our net balance of payments of any industry, the steel industry by and large is still engaged in producing by the Bessemer process of the last century.

I spent two weeks in Germany in November of last year surveying the results of the use of Marshall Plan money for rebuilding the German economy. I was particularly interested in the pragmatic economic decisions being made by the Germans. These include reducing their yearly coal output from 143 million tons to 80 million tons, increased dependence on U.S. coal which is cheaper to import into Bremen than German coal is from the Ruhr, and the development of technically advanced steel production as a means of maintaining their share of the world market and increasing their growth, if possible. At the time we were there, the German Federal Republic laborers in the steel industry and the owners of the steel mills were pounding out an agreement under which they would freeze wages and profits at the present level in order not to undermine their competitive advantage overseas. They have been bringing into production new steel mills with the most advanced production techniques in the world. The same is true of Japan. As a result, these two countries are able to deliver their steel to automobile plants which are within two hundred miles of our basic steel complex at a cheaper price than U.S. steel can be delivered.

One of the main reasons is that most of the U.S. companies have been more interested in expanded profits, as previously noted, than in modernization of their plants. Although integrated steel production is relatively well advanced in both Japan and Germany, in the United States there is only one facility which has incorporated into a single large-scale operation the basic oxygen furnace, vacuum degassing and continuous casting—the latest and most important advances in steel making technology.

The National Steel Corporation will soon open its new \$100 million facility in West Virginia, following hard upon the first basic oxygen furnace and the first 80 inch computerized hotstrip mill in the Nation. The last two gave National a

three year jump on its competitors and the new facility is supposed to trim production costs by \$10-\$12 a ton.

This is the proper way to meet the competition from Japanese and German steel, not by restrictive tariff laws which serve to reduce our international trade and, at the same time, reduce the possibility of maintaining an expanding economy to serve the needs of a rapidly growing population.

We interject this into our testimony by way of stating our support for the treaty which the Senate must consider establishing tariff cuts during the Kennedy Round of Negotiations in the GATT.

Without discussing textiles which are basically in the same situation as steel, we would like to file an article from "Textile World," November 1967, as an appendix to this statement.

We use the example of the German steel industry to suggest to our friends in the rest of the U.S. economy that, at this time of intense competition, some statesmanship is in order. This includes both the willingness to accept lower earnings and lower targets for salaries for a temporary period while our industrial plants adopt the modernized methods of integrated production in the case of steel, and the modern technologies in other industries which are going to be necessary to preserve the competitive balance with our trading partners around the world.

The abandonment of the previous wage-price guidelines do not make any contribution to a satisfactory solution to this problem. We would, therefore, urge this committee and the Council of Economic Advisers, to most serious consider the ways in which we may place some type of controls over the tendencies toward inflation which the President and the Council both have noted in their message to this committee—not only so that the consumers may be benefitted by products at reasonable costs, but simply because the long-term basic interest of our industries are intimately bound up in the solution to this problem.

#### THE BUDGET AND TAXES

At a time when our economy was threatened with a mild recession, the Administration and the Congress properly passed legislation resulting in rigid tax cuts in 1964 and 1965, equivalent to about \$23 billion in today's economy. This resulted in bringing federal revenues into balance with federal spending. We would comment that it was precisely this approach which was recommended by Andrew Mellon to President Hoover in the depression of 40 years ago. Where this so-called "new economics" gets into trouble is when it is necessary to reverse the process in order to restrict inflationary pressures and to balance a budget which has gone out of balance partly as a result of inflation.

We do not agree with those who believe that it is too late for a tax boost to be valuable in the present situation. Although it might not be able to bring the necessary restraint upon the tendencies of inflation, it certainly has one basic validity, and that is the restoring to the money markets of the world confidence in the dollar.

The success of the policy just noted would be more certain if we could superimpose it upon an economy which did not have the extremely heavy drain which we are having today because of the effort in Vietnam. However, it is precisely just this effort that is still making an increase in federal income necessary.

At the same time, it should be noted that at the time the gold pool nations took their action under the International Monetary System to support the price of gold, and at the time the Special Drawing Rights Plan was agreed on in Rio de Janeiro in September, we were warned by our friendly allies, especially by the members of the international gold pool, that this program could be effective only if the U.S. began to balance its budget. In almost every instance where our friends from overseas have discussed the problem of maintaining the American dollar, which certainly is to their interest as well as our own, they have advised us that we should increase our taxes.

We were very free to advise the French to do the same thing some years back when they were in difficulty, and we have advised a number of the nations who are recipients of our unilateral aid to do the same. The time has now come for us to take a dose of our own medicine, and substitute statesmanship and responsibility for political considerations which might be arrived at with great expense to the long-term economic welfare of our country.

The President has submitted a "hard-nosed" budget. Some of the items left out raise a question as to the good judgment used. The failure to enact an adequate tax structure will mean that other items, no longer in the field of the

luxuries which an expanding economy should be able to afford, but in the area of the absolute necessities for a strong economic and political and social system must be laid by the board.

The advice of the Chairman of the CEA, Mr. Ackley, should have been heeded a year ago. Despite the fact that we are late in coming to grips with this problem, we are still well advised to pursue this policy, if not to halt inflation at least to restore some confidence in the dollar which has been shaken by the events of the past few months.

This committee, the Congress and the Nation should also be extremely wary of accepting the suggestions that we should not have any tax increase, even in the midst of a war, but rather a further reduction of expenditures. These, most of the time, represent those who would dismantle our Federal System and this is an excuse to do through the back door exactly what could not be accomplished through the front door. It seems to us that it is beyond the realm of rational thought to expect a nation of 200 million people to get along with the same service level to its people as it did when it had only 100 million people. With the prospect of a growth to 300 million by the 1990's, it is obvious that the responsibilities of the Federal Government, instead of decreasing, will probably be increased. The major reason for this increase, in our judgment, will be the stresses put on our institutions at the state and local level—stresses which will result in a continuing demand for increases assistance from the Federal Government.

Grange members do not like to pay taxes any more than anyone else. However, if it becomes a choice between the irresponsible evasion of present duties which will result in simply postponing the "day of judgment", or accepting our responsibilities like mature citizens of a great country, then we stand at the side of those who propose a responsible course, and we are prepared to support the actions to accomplish the objectives of a responsible national policy.

**THE CHAIRMAN.** We thank you very much. We are always glad to have you appear before us.

There are some questions here that I think need some further consideration.

I am afraid that you are assuming that we are operating under the assumption that all of the commodities we ship under the so-called Public Law 480 cause a drain on our balance of payments. That is not correct. The chairman is not under any such misapprehension as that. But he has thought that some of these commodities might be used so as to help the balance-of-payments problem primarily by agreements which would allow the expenditure of some of our own restricted local currency holdings rather than by taking more blocked or restricted local currencies in payments for our commodities.

Obviously, it is most advantageous to the host country to pay with restricted local currencies than it is to pay in unrestricted local currencies. Obviously, if we could use the currency of a host country to make any purchases which could be made in the market, we could reduce the balance-of-payments deficit so far as the United States is concerned.

For instance, in India, we purchase about \$150 million of jute and jute products per year which we pay for with dollars, and at the same time we have many rupees on hand. If we could use those rupees to pay for those jute products, obviously our balance of payments would be in a better condition and, equally true, the Indians balance of payments would be in a worse condition and it is because of that fact that we have not insisted on doing so. It has been suggested that the chairman feels that the shipment of wheat to India was affecting our balance of payments. I merely raised the question: Might it not be used to improve our balance-of-payments position? It cannot be used to improve our balance of payments without hurting somebody else in some instances. I think that all of us who have passed the fourth grade

know that if we were to get paid in unrestricted currency that they are not going to get as many of our dollars and that it is going to have an adverse effect on somebody else if we get paid with dollars. I think the question then arises: How much can any of these countries afford to deal with us and pay in unrestricted local currencies for unrestricted use? If they can, it is perfectly clear that we can help our balance-of-payments problem. If they cannot do it, then obviously we do not have this opportunity to improve our balance of payments.

The Chair suggests that we ought to look into that.

We ought to try to get the facts, and we would welcome any suggestions that you have, Mr. Graham, as to the ability of any of these countries. We have provided a good deal of aid to Brazil while we were buying coffee in tremendous amounts and paying for it with dollars. We have supplied commodities to a good many places where we are paying cash for a good many of their products.

Would it be possible to get various countries to allow us to use, at least, a portion of this local currency for unrestricted payments? That is the question that the chairman is raising. I have not suggested that the exportation of this wheat, just of itself, had any adverse effects on the American balance-of-payments problem. I think there is a misunderstanding there. I think that your statement here clearly indicates that you are of the impression that I think that merely shipping the wheat out adversely affects our balance of payments.

Mr. GRAHAM. I am in perfect agreement with the basic question you are raising as to its being a very serious one, the ability of these people to pay.

What I was trying to say is that this is in the present law, that it could be done under the present law. And I think it has been done under the present law. The question is whether or not the judgment that has been made as to their ability to pay is an accurate judgment. It seems to us to be the question and also the problem which we face. I am only interested in the agricultural economy first, not only in terms of our national welfare but whether or not the demand of a greater amount of hard currency or good long-term credit—I do not mean the kind that we have been giving—concessional sales, where the credits are repayable in cash and in dollars—how far we can push that without interfering with some of the rest of our economy.

These people just about as badly need these other articles as they need food, and I am not talking about steel mills. I am talking about some of the mechanical aspects that they need, such as fertilizer, and things like that, in order to develop their potential and to develop their economies. How we balance all of these together is quite a juggling trick that you will have to do. We have about five balls in the air at the same time.

We are not trying to impugn the motives of the chairman or to suggest that you do not believe in this program, because your record certainly indicates through the years that you do, Mr. Chairman. You have been an ardent supporter of it.

We are raising the question as to how far we can go at this point, and we are not going, necessarily, to quarrel with you as to your judgment. We are raising the question among different levels, and you are probably raising the same question. This is what I am trying to say.

**The CHAIRMAN.** I think that your suggestion is well taken, but what I am suggesting is that we need to know what effect it has had.

**Mr. GRAHAM.** Correct.

**The CHAIRMAN.** And we would welcome any suggestions from anybody, the present witness or any other witness, as to what the effect of asking for a larger amount of unrestricted-use currency would be. We would like to have judgments on that. But so far, we have not had one single expression of judgment on it. I do not want to cause starvation anywhere by any restrictions or any liberalizations, I might say, on the use of this currency, but I do want the judgment of those who can give us an informed judgment as to what would result from asking these countries to allow us to use this money for unrestricted purposes. I get the general impression that you feel that we cannot do anything in that respect.

**Mr. GRAHAM.** If you took it that way, it was not what I intended. What I said right at the beginning was that in general, the law has within it the authority to do exactly that thing at the present time. I think we should do it everytime.

**The CHAIRMAN.** I think that the authority is there, but I do not think that the administration's agencies are going to do very much more than they have done in the past, and maybe they should not. That is what we need to know. Should they do any more than they have. I think that you correctly expressed it in saying that there must be a judgment, because whether they have made a good, sound decision or not may present a question, but nobody tells us whether they have or have not.

A number of the witnesses who have been before us even declined to express an opinion as to whether this money could be moved into the open market without serious harm.

**Mr. GRAHAM.** I think that all of us are lacking in expertise at this point, Mr. Chairman. This is a highly complicated economic situation, and I do not know—really, I do not know how. I know what I read, and you are reading the same thing. It is a matter of judgment on it, and we are not questioning this matter. I am like you. We have, in previous testimony in setting up the present bill, reported the sales for cash, on long-term credits for cash, wherever possible, and the concessional sales as the final alternative, and we still use that same system of priority, and we also said in here that we think you have the right to evaluate the administration of the program. So, I do not think that we are really in trouble with you at this point. I think that we are saying about the same thing. I hope that we are.

**The CHAIRMAN.** You have made some suggestions.

**Mr. GRAHAM.** My personal opinion is that there are so many other ways that we can do so much more for the balance of payments. I think what I was trying to say, the one thing that I was trying to say, is: Let us not solve the balance-of-payments problem—it is not for this committee at this point. It is more complicated in some way but is much easier answered in the balance-of-payments program than in this.

**Mr. KLEPPE.** Would you yield?

**The CHAIRMAN.** Certainly.

**Mr. KLEPPE.** I would like to ask this question of you or the witness. It seems to me, if my memory is correct, that in 1966 we received about \$240 million in hard cash for grains shipped under Public Law

480 and about \$600 million plus was in soft currency. So, we had about one-third in hard and about two-thirds in either grants or soft currency. If that is incorrect, would you correct it for the record? Do you know what the figures are for 1967?

Mr. GRAHAM. I, offhand, do not. I think that your figures are about in the reverse.

Mr. KLEPPE. For 1967?

Mr. GRAHAM. Yes.

Mr. KLEPPE. We got two-thirds of our shipments for cash and one-third was grants or soft currency?

Mr. GRAHAM. Right.

The CHAIRMAN. You are talking about our total shipments?

Mr. GRAHAM. I think that is what he is talking about.

Mr. KLEPPE. That was my question.

The CHAIRMAN. That you were talking about under Public Law 480.

Mr. KLEPPE. Yes, the total under Public Law 480.

Mr. GRAHAM. We do not sell for cash under Public Law 480.

The CHAIRMAN. We received the \$240 million that you were talking about. That was money which was paid on the indebtedness of these countries. I think that there was about that amount paid, but, remember, these countries buy these commodities, and they buy them on a 40-year term basis, most of them.

Mr. KLEPPE. I understand.

The CHAIRMAN. And we got about \$240 million—I think that is about correct. That is the amount that was paid on the indebtedness.

Mr. GRAHAM. Some of this, a large amount of this, comes from the countries who no longer receive Public Law 480 aid—Japan, Korea, Taiwan—that list of people.

Mr. KLEPPE. Your recollection is that in 1967 that was about twice as much as in 1966?

Mr. GRAHAM. I would be glad to supply that information for the record.

Mr. KLEPPE. I think that it is the kind of good information to have in the record.

The CHAIRMAN. It would be fine to get it into the record, but I think that we are talking about two different things. Certainly, about two-thirds of the farm commodities that we shipped abroad were paid for in dollars and only about one-third of the commodities we shipped abroad moved under that we call Public Law 480. None of the commodities shipped under Public Law 480 were paid for in cash.

Mr. KLEPPE. No. I understand that. But how can we determine how much was shipped under Public Law 480 for which we received soft currencies, or was it a straightout grant?

Mr. GRAHAM. Yes, sir.

The CHAIRMAN. We can get that.

Mr. GRAHAM. We can supply that.

(The information referred to was not supplied.)

The CHAIRMAN. Are there any other questions of the witness?

Mr. Teague?

Mr. TEAGUE of California. This is not a question, Mr. Graham. You know I have always been for this program.

Mr. GRAHAM. Yes.

Mr. TEAGUE of California. I notice on page 6 of your statement that you believe that the American people would accept the surtax without political repercussions. I will need your help on that. I have stated orally, publicly, and in writing that in all probability I will vote for the surtax, and I have received some very adverse repercussions. I hope you will help me on that.

Mr. GRAHAM. I will be glad to help you in any way that I can, Congressman Teague. I certainly would not want for you not to come back.

I qualify this by saying that everybody, if they start putting their cards on the table face up as to what the situation is, I doubt if one Congressman could do it in one district by himself—we need a very candid appraisal of this thing for the American people at the present time, in my judgment.

Mr. TEAGUE of California. I think so.

That is all.

Mr. GATHINGS (presiding). Mr. Graham, I want to commend you for a very fine statement and more particularly for the expressions contained in some parts of your statement which, to me, are most meaningful. You say that it is an "act of mercy," Public Law 480, and a "question of brotherhood," and that is another good term. And after you use such good adjectives you then talk about the tax—I can appreciate that, too.

I had a meeting in my home city of West Memphis in the early part of January just before we met back here, and I spoke to the people who were in attendance on this question. I explained it full well, that we needed to do something about raising more money to support the war effort. After I had concluded my remarks, the chairman asked for raised hands of those in attendance who would support the 10-percent surtax increase, and it was about 60-40, 60 that would support it and 40 would oppose it.

We have to do it; there is no reason for us not to pay more taxes so that we can wind this war up and bring the boys back.

Mr. TEAGUE of California. But you are not up for reelection. You are not running for reelection.

[Laughter.]

Mr. GATHINGS. I will say to the gentleman from California that that is true. I'd still be with the majority.

Mr. GRAHAM. I have been talking about this. I have made a number of speeches, and I got about the same result that Mr. Gathings got. People do not like to pay taxes. I do not, either. It will cost me about \$25 a month, and I can use it doing some other things, but I can use it to help my own country, too, if it needs it, and I would.

The CHAIRMAN. Are there any other questions of Mr. Graham.

Mr. Kleppe?

Mr. KLEPPE. I would like to make one statement, Mr. Chairman. I think that what you have said about this tax thing is probably true, but probably the argument that I would have on your statement is what is your understanding of guns and butter and jam in regard to what we can afford at this time at the local level, and this is the main problem that I have with my people at home. It is very, very clear cut.

Mr. Gathings talked about 60-40. I have got 99-1, but the other way.

Mr. GRAHAM. I think that if the people understood—if the farmers in your district are as poor as they think they are, and—

Mr. KLEPPE. They will say this, anyway.

Mr. GRAHAM. I know they will. I have talked to farmers, and I do all of the time. And this tax would have little effect on them if they are making enough money to be bothered by this surtax. And they have not as much quarrel with income as they say they have. They cannot have it both ways.

Mr. KLEPPE. Public Law 480 is high on my priority list.

I certainly think that this program, for what it has done, for what it is intended to do, is a very worthwhile program, and I take a very dim view of how seriously it affects our balance of payments. So, I am very much in support of this program, and I hope that we can work out all the angles that need to be worked out to make it a continuing, very workable program.

Thank you; that is all.

The CHAIRMAN. Thank you very much.

Mr. Goodling?

Mr. GOODLING. On page 1 of your statement you say:

"The Food Administrator for AID told me 2 weeks ago that at one time last year he was feeding 9 million schoolchildren per day in India."

This applies to the present, but in your opinion will it be the same in the future?

Mr. GRAHAM. No, of course not. I have never implied that at all. I was only implying that we have got to get this program working for the development of their capacity to feed themselves. Let us make self-help available like it is supposed to be, making it contribute to self-help. This kind of thing, they do not want either.

If we have to feed 9 million schoolchildren to keep them from starving to death, let us feed them during those times of crises, like we have.

Mr. GOODLING. Right now, four of my friends from the University of Penn State are in India teaching them to produce more food. That, rather than handouts, is the only long-range approach.

Mr. GRAHAM. And to be sure that the world market prices are high enough so that they can make some money producing their foods, the same as the farmers here can, and then we will have it.

Mr. GOODLING. Thank you.

The CHAIRMAN. Thank you very much, Mr. Graham. We have done reasonably well. We have run a little over. I am trying to get the witnesses and the questioners to keep it to 30 minutes apiece.

Our next witness is Dr. John H. Foster, associate professor, University of Massachusetts, Amherst, Mass., representing this morning the Friends Committee on National Legislation.

We are very glad to have you here, Dr. Foster.

#### **STATEMENT OF DR. JOHN H. FOSTER, ASSOCIATE PROFESSOR, UNIVERSITY OF MASSACHUSETTS, AMHERST, MASS., REPRESENT- ING THE FRIENDS COMMITTEE ON NATIONAL LEGISLATION**

Dr. FOSTER. Mr. Chairman and members of the committee.

My name is John H. Foster. Today I am appearing for the Friends

Committee on National Legislation, a Quaker organization that from its inception 25 years ago has placed a high priority on working on legislation dealing with world hunger. The FCNL has testified several times before this Committee on Public Law 480 and related legislation.

I am accompanied today by Miss Frances E. Neely, associate secretary for legislation of the Friends Committee on National Legislation.

Those of you who know the highly individualistic nature of the members of the Society of Friends realize full well that no person nor organization can speak officially for all Friends. But on the question of America's responsibility to do its full share in overcoming world hunger, there is a high degree of consensus among Friends.

I am currently an associate professor of agricultural economics at the University of Massachusetts where I teach in the area of agricultural development. I have lived in rural India for a total of 3½ years; 2½ years as agriculturalist in a rural development center of the American Friends Service Committee and 1 year (1964–65) as a visiting Fulbright lecturer in an agricultural college.

It is my feeling that world and U.S. food policy must be based on an understanding of how present and probable future food shortages have developed.

A major worldwide activity of the past generation in which all nations have enthusiastically and cooperatively participated has been improvement of the health of all peoples of the world. The United States can be proud of the contribution we have made through both governmental and private programs to reduce suffering and increase length of life. I, myself, have been directly involved in India in assisting with medical treatment, extension of public health measures, and the distribution of American surplus dried milk to children, all of which contributed, in a small way, to improved health in the community.

I am sure most Americans have a strong sense of rightness about these international health programs. I have heard little discussion of who was to pay for them or what groups were to receive their benefit. It has been enough to know that we were contributing to reduction of human suffering from diseases and early death.

Moreover, these non-controversial and uniquely international programs have been highly successful. Disease rates and death rates have dropped rapidly all over the low-income parts of the world. Life expectancy in India, for instance, has doubled in the last 20 years. A single successful program of eliminating malaria from the country has eliminated about 3,000,000 deaths per year. The goals of these health programs are being achieved and all of us can feel a strong sense of satisfaction in this.

We all know, however, that our very success in this program has created new problems. Population in these countries has increased at an unprecedented rate. We hear so much about birth control these days that we forget that current population growth has resulted from successful death control rather than from unsuccessful birth control.

Rapid population growth, of course, gives rise to rapid growth in the need for food. The United States has enthusiastically supported the health programs; we cannot now throw the entire burden of coping

with the food problems created by the health program onto the countries involved. This is what we are doing when we propose to gradually shift to dollar payment for all food and when we reduce our technical and other aid for agricultural development. We cannot willingly help countries achieve improved health and then pull out when food problems result.

An additional world food goal, as identified by many, including President Johnson, is improved nutritional levels among the one-third to one-half of the world's population where diets are presently deficient. In the face of population pressures, little progress has been made on achieving this goal.

We have two kinds of problems to work with: One is to increase the food supply at the same rate as population growth and the second is trying to get ahead of population growth in order to improve the diet of many millions of people who have nutritional problems.

To expect the farmers of these low-income countries to increase food production as fast as population is growing, is expecting more than we have ever asked from American farmers. Actually, one of the wonders of our contemporary world, if we want to look at the positive side of the thing, is that these farmers, according to FAO figures, are almost keeping up with population growth. Although per capita food production has not improved in the last 30 years, it has not declined much in most countries. This is evidence of the desperate efforts that most countries are making to cope with their food problems. No nation wants to depend on gifts for such a vital requirement as food any longer than necessary.

There are five major paths of action I wish to recommend:

1. Continue and expand programs of birth control assistance when requested.

We cannot, and would not wish to, curtail any death control programs so the only avenue available for depressing population growth and the rapid growth of food needs is through birth control. We support the programs now in existence and hope that they can be gradually expanded.

2. Expand technical food production assistance in all countries able to use it.

The long-range goal must be for each country to develop the ability to adequately feed its own people or to expand its exports sufficiently to enable it to buy its food through commercial trade channels.

The food producing potentials of most countries with current food problems are large. In addition, in the last 20 years of agricultural assistance abroad, we have learned a great deal about how to help these countries develop their agricultural potential.

With this knowledge in hand and with world food conditions growing more acute, it is now time to add more resources to this long-term, worldwide effort to increase food production. Because of the level of agricultural know-how in the United States and the demonstrated willingness of our agricultural scientists to respond to this world service need, our country has special responsibilities. The bills by Representative Dole entitled the "International Agricultural Education Assistance Act" and by Senator McGovern to create an International Agricultural Service Corps are examples of the imaginative thinking needed in the area of expanding technical agricultural assistance. With

an allocation of funds equal to the amount we are spending to get a man to the moon, for instance, I am confident that the war on hunger can be won. The report of the President's Science Advisory Committee on the World Food Problem indicates this same optimism if adequate resources are available.

3. Work to bring into use the entire current capacity of the world to produce food.

The first two recommendations are long-range solutions and neither will have an immediate effect. Yet food shortages exist now and will continue to exist into the moderate-term future, however successful are programs under points 1 and 2 above. All countries with abilities to produce more food must be persuaded to do so. All countries have earned this responsibility by contributing to the health programs which have created the food need. Each country with the ability to produce additional food must be helped to see its responsibility to make food available to fill these current- and moderate-term future needs.

The United States has a special role to play here. Because of our productive God-given agricultural soil and climate, the wisdom of legislators over the past 100 years, the diligence of our American farmers, and the economic system under which they have operated, our Nation is in the unique and fortunate position of having excess food producing capacity. Our farmers are anxious to utilize this capacity and the people of the world need the food. Because we are involved in the health work, we must now be involved to the maximum of our production ability in coping with food needs we have helped to create.

We of the Friends Committee on Legislation particularly regret that current use of Public Law 480 is far below authorized levels.

#### 4. Elimination of transition to dollar payment:

Given this understanding of the cause of expanding world food needs, it is clearly unreasonable to expect dollar payment for food aid in the short run. We did not require dollar payment for the health aid we gave; it is as unreasonable to expect these countries to alone cope with the food problems created by the health aid. On this basis, we ask for elimination of the wording in section 103b requiring a transition to dollar payment. I will now give an opinion that you asked for: Since title I sales are noncommercial and do not compete with commercial sales, elimination of section 103b will have little or no impact on our balance-of-payments problems.

In other words, if we ask India to accept rupees received under Public Law 480 for their jute, instead of paying dollars for their jute, it will simply mean that India will have fewer dollars with which to buy things from us. The whole purpose of Public Law 480 is to help countries that cannot afford to buy their food in the commercial market and therefore we need to make it available on a concessional basis.

We all look forward to a gradual phasing out of food gifts and sales for local currency as each country reaches that happy condition of being able to produce or commercially buy its food. Until that time, we should continue to make food available on a gift or local currency basis.

We Friends commend past efforts to encourage each food deficit country to actively develop its ability to fill its own food needs

through effective self-help efforts. But, on the other hand, the United States should not commit itself to a position of penalizing, by withholding food aid, the children and common people of countries where the leadership is unable or unwilling to develop effective programs of self-help. In fact, such countries may well be the very areas where food aid is most essential for the preservation of peace.

If the United States is looking for ways to effectively stimulate self-help, perhaps it could withhold or at least threaten to withhold military aid instead of food aid from some of these countries. This might actually be a more effective way of stimulating self-help.

#### 5. Elimination of political limitations on food aid:

The Friends Committee on National Legislation also asks that food be removed from consideration as a weapon in the cold war. We firmly believe that the phrase, "food for peace," is an accurate expression of the potential role of food aid in creating and maintaining a peaceful world. Since it has this important role to play, it must be available to all people on the basis of need irrespective of the nature of their government. A hungry child should not be denied food only because he happens to be born under a Communist government. Specifically, we ask for the elimination of sections 103d and 103j.

I very much appreciate the opportunity to express these views. Thank you very much.

The CHAIRMAN. Thank you very much, Dr. Foster.

Mr. Jones has some questions.

Mr. JONES of Missouri. I am appalled at this statement where on page 4, in the last paragraph under section 4, you say:

We should not commit ourselves to a position of penalizing, by withholding food aid, the children and common people of countries where the leadership is unable or unwilling to develop effective programs of self-help.

I believe the Bible teaches that we expect people to help themselves a little bit.

Dr. FOSTER. This is true.

Mr. JONES of Missouri. Is this not true?

Dr. FOSTER. This is certainly correct. The point that I am trying to make here is that the present legislation provides that food aid along with other aid should be given in such a way as to encourage countries to improve their own food production. There are some countries where self-help type of activity is not being carried out very effectively and food shortages do exist. Under the present legislation, we are unlikely to send food to these countries, with the result that the children and the poorer people in these countries are penalized as a result of the leadership's inability or inaction in the self-help program.

Mr. JONES of Missouri. Let me ask you this, then: When I am talking about self-help, I am thinking about the person who is receiving this aid, that he should show a willingness at least to cooperate, in doing something to improve the living status of his own family as well as those living around him.

I have been in some of these countries, as you have, where we have seen these people—they are waiting from day to day or from week to week—usually, it is the latter—for the distribution of the commodities, and in the meantime they do not, apparently, make any effort to utilize their time in some productive activity, even to cleaning up the premises where they live, cleaning out the ditch, cutting the grass,

maybe planting a few flowers, things like that. Just last year, I was over in the area of the Palestine refugee program—I have been there before, and I have seen very little improvement except in those areas where, after the 6-day war, the Jews did go in and began supervising this thing. I have seen places in this area where we have been feeding these people for years, 10, 12, 15 years, and they have not done a thing, and this was in some of these little villages. I came across one place where there was some kind of a structure that was all rotted, the metal was rusted out. I said, "What is that?" And I was told that it used to be a water tank. I said, "Why have you not cleaned it up?"

You would think that somebody would have done something about it, that somebody would have said: "Let's get together and clean this up."

They do not do it. You are not saying that you want us to continue even where the people show no inclination to want to help, do you?

Dr. FOSTER. I would like to identify two different levels of self-help. One would be the level that you are talking about in terms of what the individual can do for himself, and the other would be national governmental programs for developing the potential of the country. I was referring primarily to official programs to improve the productivity of the country, through cultural changes, education, extension services, research, development of fertilizer plants are the kind of thing which the individual himself cannot do. From my experience in India, I would say that most people will try to help themselves if they find themselves in any kind of position to do so; in other words, if someone finds himself starving, he is going to do whatever he can to try to alleviate this condition. The difficulty is that in many situations, there is often very little that they can do.

Mr. JONES of Missouri. Let me interrupt you there. You were over in India. You saw where they were attempting to grow cotton and were making a pretty poor job of it. They were not accomplishing much at all.

Dr. FOSTER. The yields were very low.

Mr. JONES of Missouri. Yes, very low. And those people could have been growing some food there which would have been of far more value to them than the cotton that they were producing. Did you see that?

Dr. FOSTER. One of the difficulties in many of these countries is how to allocate their land between food products and other types of agriculture products that they also need. They not only need food, but clothing.

Also many of these countries depend upon agriculture to provide products for export. These are sometimes food and sometimes nonfood products which eliminates that land from food-producing capacity. And so dividing up the land is a very difficult decision.

Mr. JONES of Missouri. Do you think that there will be the incentive for a person to engage in this self-help program as long as we are generous to the point of actually injuring the person receiving the aid by taking away his ambition to do anything?

Dr. FOSTER. I hope, and I am convinced from my own experience, that the distribution of food aid, generally speaking, does not remove ambition which would otherwise be expressed by working harder. I think food aid, generally, is used in very desperate situations where

the individual finds himself in the position of not being able to accomplish much of anything. When it does not rain for 2 years in certain sections of India, the individual cannot do much about providing food for himself.

I think that our food aid has been very carefully distributed so that it will not eliminate personal ambition that otherwise would develop where the individual could do something for himself. I am thoroughly convinced about that.

Mr. JONES of Missouri. Thank you very much.

Thank you, Mr. Chairman.

The CHAIRMAN. We have taken approximately 1 hour on two witnesses. I do not want to deny anyone the right to question the witness. Your testimony intrigues me, but I will forego questioning. [Laughter.]

Does anyone want to question further?

If so, he may do so.

Mr. O'Neal?

Mr. O'NEAL. Do you make a distinction here between feeding the child and feeding the parent?

Dr. FOSTER. Not particularly.

Mr. O'NEAL. You think that we should feed these people, even where they are unwilling, as you say, on page 4 here, to help themselves, and then on page 5 you want to take the lid off and let us feed these same unwilling people even in Communist countries.

Dr. FOSTER. The unwillingness that I refer to here is the unwillingness of the leadership in the countries to begin an agricultural development program.

Mr. O'NEAL. Which countries did you specifically have in mind that we should be sending our foodstuff to if we eliminate these sections of the act?

Dr. FOSTER. I do not have any specific country in mind. We believe that food should be sent wherever it is needed.

Mr. O'NEAL. But you do not have any in mind at this point?

Dr. FOSTER. No; not in particular.

Mr. O'NEAL. Thank you. That is all, Mr. Chairman.

The CHAIRMAN. Thank you.

Mr. Dow?

Mr. Dow. I want to salute Mr. Foster for a very fine statement, with which I heartily agree in all particulars.

I do want to ask you a question about your reference to technical help on page 2, in the middle of the page where you state:

This is what we are doing when we propose to gradually shift to dollar payment for all food and when we reduce our technical and other aid for agricultural development.

Has technical aid ever been provided in the framework of Public Law 480?

Dr. FOSTER. No.

Mr. Dow. That comes under other legislation?

Dr. FOSTER. This is a general statement of the total picture—the situation. This is correct.

Mr. Dow. But considering the fact that many members of this committee want to promote self-help in these different countries, I am sure that most of them will favor the maintenance of perhaps even an

increase of technical help in whatever legislation they may have a chance to consider. That is the only point that I cared to make, Mr. Chairman.

Thank you.

The CHAIRMAN. Mr. Miller?

Mr. MILLER. I am quite surprised. On page 5 you speak about feeding the people in Communist countries. I am surprised that is in your statement. We are the people who must answer to the mothers and the fathers of those boys fighting in Vietnam. We have a grave problem there. We may not agree with the war effort, but the war effort is there.

What is your thought as to feeding people in Communist countries where they can then work on equipment and munitions and the type of war material that can be shipped to North Vietnam, and used against our own boys? This is like going the complete cycle. Had you given any thought to that when you made that statement?

Dr. FOSTER. Food aid will undoubtedly not be shipped to these countries as long as this active conflict exists. But this war will end and the sooner the better. The legislation you write should look beyond this tragic period and authorize concessional food sales wherever there is a food need in the world. Such action might help prevent future Vietnams.

Mr. MILLER. Thank you.

That is all, Mr. Chairman.

The CHAIRMAN. If there are no further questions, we are very much obliged to you, Dr. Foster. We appreciate your statement.

Dr. FOSTER. Thank you.

The CHAIRMAN. We will now be glad to hear from Mr. Glen Hofer, executive vice president of the National Association of Wheat Growers.

#### **STATEMENT OF GLEN HOFER, EXECUTIVE VICE PRESIDENT, NATIONAL ASSOCIATION OF WHEAT GROWERS**

Mr. HOFER. Mr. Chairman and members of the committee, I am Glen Hofer, executive vice president of the National Association of Wheat Growers. Our association, in annual convention at Wichita, Kans., last month voted unanimously for a resolution concerning Public Law 480 which said in part:

Public Law 480 provides machinery for a broad program popularly known as Food for Freedom, ranging from famine relief to long term dollar credit sales. This program is an integral part of U.S. foreign policy and its purposes and uses. In addition, it is directly related to foreign aid, and has been recognized as an effective use of U.S. commodities resulting in benefits to the U.S. economy at home and reducing U.S. dollar costs overseas. Wheat growers and the general public should continue to be informed of the value to the nation of the program: Now, therefore, be it

*Resolved*, That the National Association of Wheat Growers strongly supports the extension of the Food for Freedom program and the annual appropriation required to finance the various titles of this law and that—

The costs of the program shall be separated to identify those expenditures that should not be properly charged to Agriculture, such as, embassy maintenance, military procurement, et cetera, and make this information public knowledge;

Congress continue to make funds available for market development programs;

Increased emphasis be given in Title II to "Payment of Wages with Wheat and Wheat Products" when need and opportunity exists;

Efforts continue to improve the status and therefore the effectiveness of U.S. wheat grower representatives abroad;

Funds generated by Public Law 480 be used to the maximum extent possible to construct port storage and handling facilities for wheat and wheat products; and

The Farmer to Farmer Exchange Program be fully utilized as a part of the self-help features of the Food for Freedom Program.

Other testimony before the committee has dealt with the broad humanitarian and ideological implications of Public Law 480. Perhaps we, as a commodity group, could serve best by focusing attention on the impact the program has on U.S wheat and, in turn, on the economy of the entire country.

Since the inception of Public Law 480 in 1955, over 5 billion bushels of wheat have been exported from the United States under the authority of its various titles. That single statistic rates considerable enthusiasm on the part of the wheatgrowers, and we readily acknowledge that the concessional market furnished by Public Law 480 has been a major factor in the improvement of our wheat carryover position of 1.4 billion bushels in 1960 to a barely adequate carryover of 426 million bushels last June.

However, the National Association of Wheat Growers does not support an extension of Public Law 480 on the simple fact of wheat disappearance alone. The wheatgrower is a U.S citizen and a taxpayer as well as being a farmer, and we take pride in the role our country and our commodity has played in combating human misery and starvation in the developing nations. We are happy when the concessional sale of wheat to a needy country generates local currency credits within that country which help offset dollar expenses our Government incurs there, over \$1.5 billion savings through use of Public Law 480 funds, 1955-67, since the program has been in effect. We are glad when the barter programs can provide materials, goods, and services worth over \$500 million to our Government abroad which would otherwise be a dollar drain. We are proud when export markets developed and serviced by Public Law 480 wheat becomes financially capable of converting to a cash market and start adding to the substantial contribution that agriculture makes to the U.S. balance of payments. Parenthetically, in the fiscal year 1967, a net of \$2.3 billion was earned in trade by agriculture—over 50 percent—of net trade balance of the entire U.S. economy.

We think those figures are significant, and we believe market impetus gained for U.S. agricultural products by Public Law 480 will continue to increase markedly. A quick look at two Public Law 480 wheat markets which have become, or show promise of becoming, dollar markets gives an insight into some of the potential benefits inherent in extending the program.

Of course, the emergency of these erstwhile concessional wheat markets as bona fide cash customers for wheat sets off a scramble among the rest of our competitor exporters. In most instances, however, the headstart afforded by the experience with Public Law 480 wheat gives the United States some built-in advantages. Purchasers and technicians are familiar with classes and qualities of available U.S. wheats. Promotional and sales personnel from the United States are acquainted with their counterparts in the market country. In many

cases, but not always, there is a loyalty or feeling of moral obligation in the countries receiving Public Law 480 shipments which becomes apparent when they shift to cash buying. This is not to say that normal market factors such as price, credit, and reciprocal trade won't prevail eventually, but the initial advantage is to us.

An Asian country rapidly attaining solvency and with an exciting potential as a commercial wheat market is South Korea.

The following table shows that from a total U.S. wheat export to South Korea of 381,000 tons in 1959-60, of which only 32,000 tons were for cash, South Korea last year imported 778,000 tons, of which 190,000 tons were for cash and an additional 194,500 tons were for barter.

(The table referred to follows:)

U.S. EXPORTS OF WHEAT AND FLOUR TO REPUBLIC OF KOREA

[1,000 metric tons wheat equivalent]

	Specific program						
	Title I	Title II	Title III (416)	Barter	Total program	Total cash	Total imports
1959-60	270.0	16.3	61.7	-----	348.0	32.6	380.9
1960-61	258.7	60.3	38.8	-----	357.8	4.2	362.0
1961-62	287.3	21.0	28.7	-----	337.0	25.9	362.9
1962-63	592.5	-----	28.7	-----	621.2	46.0	667.2
1973-64	509.3	77.0	39.2	7.0	632.5	78.3	710.8
1964-65	399.5	65.8	32.2	-----	497.5	17.2	514.7
1965-66	239.4	139.1	35.4	-----	413.9	26.5	440.4
1966-67	151.3	207.4	34.8	194.5	588.0	190.3	778.3

Note.—Sec. 416 includes Bulgur.

Mr. HOFER. Unofficial estimates for this year are placing total imports by South Korea at over 1 million tons.

Brazil furnishes us with another example of a swiftly changing wheat market. In 1964, Brazil received 1.46 million metric tons of wheat under Public Law 480 as compared to 228,000 tons for dollars. In 1967, there were 475,000 tons of Public Law 480 wheat long-term credit and 781,000 tons for cash and barter.

Those two markets are only examples from a long list of very promising commercial prospects.

In summary, the National Association of Wheat Growers strongly supports an extension of Public Law 480.

We believe it has furnished the world's hungry their best hope against malnourishment and starvation.

We believe it has been an effective tool in international relations.

We believe it is furnishing an increasing amount of economic benefits to offset its cost.

We know its continuation is vital to our industry.

Thank you for the opportunity to express our views before this committee.

The CHAIRMAN. Thank you very much, Mr. Hofer.

Are there any questions of Mr. Hofer?

Have you any suggestions to offer as to changes in this bill?

Mr. HOFER. Mr. Chairman, the National Association of Wheat Growers is participating now in a feasibility study with the possibility perhaps of changing a few of the authorities, to perhaps make

better use of some of the currencies, the so-called soft currencies, that have piled up in some of the recipient countries.

The CHAIRMAN. You do not have any suggestions to offer now?

Mr. HOFER. We are not ready yet to go into detail, but perhaps before passage of the extending legislation, we may have a chance to present some ideas.

The CHAIRMAN. We have no intention of criticizing you, but the Chair has made it quite plain that we are here considering this extension now. We are not playing about it. We are doing it now. This is the time that we are considering this, and if the National Association of Wheat Growers have any suggestions we would like to have them. But if not, we will have to go to the floor without them.

Now is the time that we are considering the bill, and we have asked many to offer suggestions. This, again, is no criticism of you. I have not found any of our witnesses offering much more than merely suggesting that we have got a good principle here and we do not want to give up the principle. I do not think that anybody would quarrel with that, but we do want to know if in their opinion they have any suggestions that will help to make a better act and we want those suggestions now, not after we have passed a bill.

The witness just before you said that he did not want us to use it as an instrument in our national interest. Frankly, I do. I want to help the needy people of the world, but I also want to help the United States.

What is the view of your association on that?

Mr. HOFER. Yes, sir; we believe that it has been used in our national interest; we believe it has been used properly. When I referred to the feasibility study, it is simply that it has not been completed yet. We do not feel that we, actually, know enough about the proposal which came to us to give it our backing at this point. I believe that without that study, our association would be agreeable to extending it as it is.

The CHAIRMAN. Are there any other questions?

If not, we are very much obliged to you, Mr. Hofer.

Mr. HOFER. Thank you.

The CHAIRMAN. We will now move to our next witness, Mr. John C. Lynn of the American Farm Bureau Federation.

Off the record.

(Discussion was had outside the record.)

The CHAIRMAN. We will be glad to hear from you now, Mr. Lynn.

#### **STATEMENT OF JOHN C. LYNN, LEGISLATIVE DIRECTOR, AMERICAN FARM BUREAU FEDERATION, ACCOMPANIED BY HERBERT HARRIS II, LEGISLATIVE COUNSEL; AND RENO WALKER, ASSISTANT LEGISLATIVE DIRECTOR**

Mr. LYNN. Mr. Chairman and members of the committee, the presence of my assistant here with me does not indicate how long we will be. I want to introduce to your our newest staff member, Mr. Reno Walker. He is a young man, and he will replace some of us older ones pretty soon, and I want you to become acquainted with him.

The CHAIRMAN. We are glad to have you here, Mr. Walker.

Mr. LYNN. Of course, you know Mr. Herbert Harris, our legislative

counsel. He will be assisting me in this presentation, in what I believe to be a very brief statement.

We appreciate the opportunity to present the views of the American Farm Bureau Federation with respect to Public Law 480, better known as the Food for Peace Act of 1966.

More than 13 years ago we had the pleasure of working with many of the members of this committee in helping to develop Public Law 480. This basic legislation, enacted in 1956, was a good idea; however, we believe that the achievements under this program in many respects have fallen short of the original intent of the Congress. We think it is good that the House Agriculture Committee is taking time to review the operation of this law.

Public Law 89-808, the Food for Peace Act of 1966, extended the legislation for 2 years, that is, through December 1968, and authorized some very important changes in the program. We were happy to associate ourselves with many of these changes made 2 years ago. We were particularly pleased with the new emphasis on self-help programs for recipient countries. The act of 1966 no longer limits food aid to surplus commodities but encompasses commodities determined to be available by the secretary of Agriculture. Another important feature of the legislation as extended in 1966 is a provision for a transition from sales for foreign currencies to sales for dollars on credit terms at a rate whereby the transition can be completed by the year 1971. We think this a good objective. We would recommend that the legislation insist on the accomplishment of this objective according to the time schedule outlined in Public Law 89-808.

We are very much aware of the balance-of-payments situation facing the United States and we believe that the shifting of this program to credit sales will help improve this situation in the future. We would emphasize, however, that one of the real weapons available to the United States for helping correct this situation is an all-out effort to increase our dollar exports of agricultural commodities.

If I might add here, Mr. Chairman, India, for example, has been one of the largest recipients of this aid under this program. We might give some consideration in this legislation to requiring a percentage dollar purchase of agricultural commodities equal to 10 percent of the concessional sales under Public Law 480. It seems to me that this is about the only way that we will get some of these countries to shift over, and assist in our balance-of-payments problem.

Last year, U.S. agricultural exports reached a new high, totaling \$6.8 billion. This accounted for 22 percent of total U.S. exports. We believe American farmers can play a larger role and we have set our sights on annual agricultural exports of \$10 billion. We believe that in this current year agricultural exports might be increased by one-half billion dollars if proper emphasis is given to this matter.

If I might add, we should give at least as much emphasis to increasing agricultural exports as we are giving to restricting tourist travel. I think that we would do a lot more to solve the balance of payments in that way and not aggravate as many people.

The Public Law 480 program as is currently being administered must be considered as a part of our foreign aid program, and we believe it should be more clearly coordinated with our foreign aid endeavors.

During the 13 fiscal years for which this program has operated, over \$16 billion of U.S. farm products have been exported. This has been a very significant part of our total agricultural exports; however, we believe our emphasis now must be on sales for dollars.

The budget for fiscal 1969 sets the obligation for Public Law 480 at \$1,444,400,000—up \$130 million from the 1968 estimate. However, request for new spending authority is \$918,143,000—down \$687 million from 1968. It is proposed that unobligated balances from previous years will be sufficient to make up the difference. It is our recommendation that sufficient funds be available to keep the program at about the 1968 level, which would be about \$1.4 billion.

I am sure that you are aware in the legislation as extended in 1966 the Bureau of the Budget recommended \$1.9 billion, so it is one-half billion dollars below what the basic legislation authorized.

We recommend that this committee emphasize the purchase of Public Law 480 commodities in the marketplace and that the operation of this program not be overly influenced by the expediencies necessary to try to make unworkable domestic farm programs work.

Public Law 480 should:

(1) Be designed to work in harmony with the free market system domestically and to foster expansion of world trade on a commercial basis.

(2) Be designed to reduce the costs of Government farm programs by providing markets instead of subsidy payments and other price support activities for affected commodities—and not just to add another program.

(3) Provide that quantities of commodities to be shipped under the program shall be established and announced far enough in advance to enable farmers to make needed adjustment in production and marketing plans.

(4) Provide that once an agreement is reached on the commodities a given nation is to receive, that nation shall be authorized to select the class, grade, and quality of product; determine the U.S. markets through which purchases are to be made; and make its own transportation arrangements.

(5) Provide that the United States shall not relinquish authority or decisionmaking responsibility to any international agency.

We believe the changes made in the basic program in 1966, if properly implemented, will help accomplish the basic objective of this program and cause it to be shifted to a long-range credit program by the end of 1971. We hope the committee will continue to review the operations of this program in the field and insist on efficient administration.

I think that the changes that you made in 1966, if properly implemented, gives this program the right tone and direction.

We would be happy to try to answer any questions that you might have.

The CHAIRMAN. We thank you, Mr. Lynn, very much for your statement. I think it is a very good statement.

Mr. Zwach?

Mr. ZWACH. Mr. Lynn, in the second paragraph on page 1 of your statement you say:

This basic legislation, enacted in 1954, was a good idea; however, we believe that the achievements under this program in many respects have fallen short of the original intent of the Congress.

Could you spell that out.

Mr. LYNN. I think that if we had administered this program as I am sure you gentlemen envisioned it would be administered, that India would have, by this time, improved her economic situation and her food production, but we have simply continued to give food to India, so to speak, without too many strings attached. I have not had the privilege to be to India as you have.

Based on information, she is not better off than when we started. That is what I have in mind. I think we have been a little loose with the use of local currencies in such situations, and have failed to require her to do some dollar purchases in the United States as she is doing in other countries. This is what I had in mind.

Mr. ZWACH. Thank you.

That is all, Mr. Chairman.

The CHAIRMAN. Are there any further questions?

Mr. Purcell?

Mr. PURCELL. Mr. Lynn, on the last page of your statement, the No. 2 suggestion:

(2) Be designed to reduce the costs of government farm programs by providing markets instead of subsidy payments and other price support activities for affected commodities—and not just to add another program.

What are you talking about there?

Mr. LYNN. There are several ideas here. I would like for Mr. Harris to help supplement what I am saying.

We think a real job has been done under Public Law 480 in many instances in promoting sales for dollars. Japan is a good example of this. We think that this is the kind of emphasis that should be given to this.

You notice that we recommend the authorization of appropriations at the same level as the current year, because we believe that perhaps this is a better way of spending and obligating the Treasury than some of these programs that do not work, such as under the Agriculture Act of 1965 where you had the compensatory payments aspect. This is what we are trying to say.

Mr. PURCELL. I do not understand what you have said now any better than what you said before.

Mr. LYNN. Why do you not ask your question again, then?

Maybe I can answer it.

Mr. PURCELL. My question was: What do you mean?

Let me say this: What do you want done to bring about the philosophy that you are expressing here?

Mr. LYNN. When you have the hearings on the farm program, we will be recommending that there be a change of emphasis, with regard, particularly, to wheat and feed grains and cotton from the compensatory payment program to some other kind of program. We will express that at that time.

Mr. PURCELL. Farm management production with high-support payments, something like that?

**Mr. LYNN.** No, sir; I doubt if it will be that. We will have a board meeting next week. We hope to refine this so that it will make better sense. I am sure that it will.

**Mr. PURCELL.** I hope so. Go ahead.

**Mr. LYNN.** I do not want to disturb you.

**Mr. PURCELL.** Then, No. 3:

Provide that quantities of commodities to be shipped under the program shall be established and announced far enough in advance to enable farmers to make needed adjustments in production and marketing plans.

What is it you want done there?

**Mr. LYNN.** You simply changed the law in 1966 to remove the word "surplus," since surpluses had been greatly reduced, and under Public Law 480 now it is whatever the country desires to purchase can be purchased or handled under Public Law 480. We think that is important for the farmers to know as far in advance as they can in order to meet this requirement out of the market system. We think that this becomes necessary, Congressman Purcell, by virtue of the amendments made in 1966 with which we were in complete accord. In other words, if they want canned tomatoes or horseradish, all we are saying is that we ought to know it in advance so that we can meet that requirement.

**Mr. PURCELL.** What you are saying is that an effort along that line has not been made—are you saying that?

**Mr. LYNN.** As long as you simply limited the Public Law 480 to surpluses, it was not as necessary as it seems to us to be, since you shifted the emphasis to other than the surpluses.

**Mr. PURCELL.** It has not shifted horseradish and tomatoes. They are still using the same commodity. It is just a matter of whether they are in Government hands or whether the farmer has them.

**Mr. LYNN.** Let us take dairy products as an example. I think, as you know, the surpluses of dairy commodities on hand in Commodity Credit Corporation were greatly reduced last year. Now, if India, or any of these recipient countries are planning—if they desire a large amount of dry skimmed milk, for example—I think that this has got to be programmed, and we, as producers, have got to know as far in advance as possible. Whereas, before, we just simply dipped into Commodity Credit Corporation's stocks and got it.

Do you want to add to that, Mr. Harris?

**Mr. HARRIS.** Yes. Judge Purcell, we have had a certain amount of experience here with this. We gave an awful lot of reasons last year why we were in trouble with regard to dairy products. One of the main reasons was very seldom mentioned, and that is that we had cut back the export programming of dairy products by about 6 billion pounds. We heard an awful lot more about the 1.7-billion-pound increase that was being imported than we heard about the 6 billion pounds that were cut back in the export program.

This last year, fiscal 1967, we cut back the programming of wheat by \$293.5 million. This is going to have an effect, so far as the total domestic supply is concerned—it will have an effect on domestic price obviously.

**Mr. PURCELL.** As I understand one of the reasons that there was this cutback—not the only one—was that India had not, or could not, or did not come up to the standards of self-help. That was in another point of your statement, something that we could have done had

somebody tried. We established that as a policy or pronounced that as a policy: Certain minimal standards shall be reached before we continue at the rate we are now helping, and then those standards are not reached and your emphasis is on self-help, what do you want us to do if the minimal standards are not reached?

Mr. LYNN. Do not help them.

Mr. PURCELL. Then, you build up a surplus.

Mr. LYNN. I am relating this simply to the attitude of the country which, I think, is completely contrary to the legislation which you gentlemen have enacted.

Mr. PURCELL. Let us assume that it is. We claim that we are correct. This is not nearly as good as they claim it is. We cannot do both. If we are going to have the requirements and try to produce the predicted requirements, what you think you will need, then because the self-help does not come up to our standards you cut them back, and then you come in here and say: "If you will do it our way, it will all work." I do not think it will. I want you to explain to me why it will.

Mr. HARRIS. I am sure, sir, that you would not claim that the cut-back of the dairy products program had anything to do with the self-help program. This is simply a cutback geared to the fact that our supplies had been diminished, and we stopped programming it.

Mr. PURCELL. On wheat, we planned it with the expectation that India and other countries would require the use of the amount of wheat that had been grown. India did not do what we wanted them to do, and so we tended to hold back. Russia and Canada and Australia maybe wanted the wheat themselves. And so we had a surplus or whatever you want to call it, but how are you going to do what you say you want to do and agree that if we do not get some self-help in there, to hold back on it, but by the same token, if you are going to jump on us for having allowed wheat to be produced, I want you to get on one side or the other and stay there.

Mr. LYNN. That is a pretty hard thing to do, I guess.

But another point, in this connection: Somebody used some pretty poor judgment in bringing forth this 30-percent increase in production of wheat this last year. I am not accusing anybody of any bad faith or anything else, but the truth of the matter is that we had reduced our surpluses of wheat down to a manageable level—and on the insistence of this Government we increased our wheat production last year without any foreseeable market for this wheat, and we are right back to where we were 4 or 5 years ago with regard to the surplus. And this is the kind of thing that we would hope to avoid, and I am sure that you would, too, Judge Purcell.

Mr. PURCELL. I certainly would, but we have that situation.

How much increase in wheat acreage should we have added, if anything?

Mr. LYNN. We did not object to the first 15 percent—considering the Vietnam war, and so on. We are not in a normal situation, I am sure we are all agreed, but the second 15 percent did raise a tremendous amount of questions and we registered concern prior to the announcement because we knew it was forthcoming.

Mr. HARRIS. Apparently, at the same time that we were making the decision to expand the wheat production, there was a great deal of talk at the time, as you know, of the expanded need of the world for more food and what have you. At the same time we were expanding the production, we apparently were making plans, at least tentative, to cutting back the export program. What we are suggesting here is not to go one way way or the other. What we are suggesting here is that those decisions should be made on a coordinated basis. If we are going to have a cutback in programming in the export field, that should be done far enough in advance and notice given far enough in advance to the domestic producers so that they do not get into difficulty in the supply-and-demand situation. We would like to know, for example, long enough in advance, if we are going to tighten up on the export program, so that necessary adjustments in production can be made.

Mr. PURCELL. Maybe we are both belaboring this. I will say this: I agree completely, except that if you set out the criteria and that is met, you can use your expected production; but if those criteria are not met you get into real difficulty.

Mr. LYNN. You sure do.

Mr. PURCELL. I agree with you on the last statement. I agree with you on the second 15 percent being too much. I want the record to firmly reflect that we do agree on two things, and then I want to ask one more question.

In your point No. 5, you are talking about—"shall not relinquish authority or decisionmaking responsibility to any international agency."

Are you lobbying the States out of the International Wheat Agreement or out of the GATT negotiations?

Mr. LYNN. We have specific reference here to any branch of the United Nations. You know there has been considerable talk over the years of letting the United Nations perform, on a multilateral basis, that which we have been attempting to perform on a bilateral basis under Public Law 480. This is what we have aimed this at, but we will be opposing the International Wheat Trade Convention in the Senate and urge its nonratification.

Mr. PURCELL. Just in case anybody brings up the United Nations you are not for it—on the record?

Mr. LYNN. No; we are not for shifting this responsibility for food aid in these kinds of programs to a United Nations agency.

Mr. PURCELL. I never heard of it, except through you.

Mr. HARRIS. This was discussed very vigorously in Geneva in studying a world food-aid program, and there the question was whether each country would have the authority—to conduct the program or to turn the program over to the world food program which is under the United Nations. It is presently operating at a very small level. We have the United Nations Food-Aid program operating now. The former director of that program is now the director of FAO.

There was active discussion in regard to the food-aid agreement, whether to turn this over to the United Nations as an administered program or whether it would be left with each country, with the authority to administer its segment of the program. The latter decision was finally made by the U.S. delegation in agreement with others.

Mr. PURCELL. Congratulations.

That is all, Mr. Chairman.

The CHAIRMAN. Mr. Kleppe?

Mr. KLEPPE. I have just one question.

Mr. Lynn, in paragraph 4 on page 3, you refer to the fact that the nation purchasing should be authorized to make its own transportation arrangements. Curiously, what do you mean by that?

Mr. LYNN. As you know, there is a 50-50 clause in the shipping arrangement, whereby 50 percent has to go in U.S. bottoms. We have always opposed this.

Mr. KLEPPE. That is what you mean?

Mr. LYNN. Yes, sir.

Mr. KLEPPE. That is all. Thank you.

The CHAIRMAN. Mr. Montgomery?

Mr. MONTGOMERY. Mr. Chairman and Mr. Lynn, I am a little confused, after Judge Purcell's questioning. I would like to clear up my own mind. Basically, what I thought you said was that the American Farm Bureau generally supports Public Law 480 with the changes that were made in 1966, and you want the changes to stay in the law as it is now, so far as you are concerned, and that it does not particularly need any amendments. Is that generally what you said?

Mr. LYNN. That is generally what we are suggesting here, and we think that if with the amendments which were passed, we are on the right track. One change that we might suggest might be that section 110 of this law ought to be amended to make this an appropriated item rather than a commitment from Commodity Credit Corporation capital, but we will be happy to abide by whatever decision you make on that.

Mr. MONTGOMERY. That brings up another point:

You think that the changes in 1966 cannot properly be implemented at this time?

Mr. LYNN. There is some evidence of that, Congressman Montgomery. The situation that Mr. Jones described is an example in point. We believe that in spite of the situation we find ourselves in, in Southeast Asia, India, and Pakistan, that we could, with the proper persuasion, if you please, solve these problems better through family planning, increasing their own production, and to buy more with their limited dollars here rather than to go to another to buy. We have been pretty easy over the last 13 or 14 years in our negotiations under Public Law 480. I think that we are all very conscious of this. We do not want to be overcritical, but what we are simply saying is that maybe you reflect in your report a need for the tightening up of some of the negotiations.

Mr. MONTGOMERY. Thank you.

That is all, Mr. Chairman.

The CHAIRMAN. Are there further questions?

Mr. Dow?

Mr. Dow. I have just a brief question of Mr. Harris.

I am interested a little bit in dairying, and I noticed that you said that it was too widely misunderstood, if I am correct, Mr. Harris, that one difficulty of the dairymen in the past year has been a reduction of exports of dairy products.

I just wanted to have you expand on that a little bit, for my information.

What types of products were curtailed in the recent year?

Mr. HARRIS. Almost all types of our normal Public Law 480 shipments, from butterfat products to dry skim. In 1964, the programing level was slightly over 6.5 billion pounds, as I recall. In 1965, it was reduced to about 1.4 billion pounds. In 1966, the program level on milk equivalent was zero. And when you take 6 billion pounds of milk equivalent out of your exports, then you will have a pretty drastic effect.

Mr. Dow. How did that come to pass; how did that happen? What was in back of it?

Mr. HARRIS. Well, this was a decision upon the part of the Department of Agriculture to stop programing dairy products, basically geared to the notion, apparently, that when you were out of surpluses that that was the time to stop selling. This is not the philosophy that presently is in Public Law 480. We think it is one of the real bad points to get hooked onto it. This is why we emphasize in this statement that products should be acquired from the market and not be geared to whether or not we happen to have a product in storage in the Commodity Credit Corporation stockpile. The program should be continued on the basis of the need and the effective use in the recipient country, and this then starts to have a beneficial price effect upon the U.S. farmer. And this is not to be disparaged; we think this is a good idea.

Mr. Dow. What is the stock now of these commodities held by the Commodity Credit Corporation or the Government today?

Does it look any better?

Is there more in storage than there was?

I am speaking of dairy products.

Mr. HARRIS. Yes. That was the trouble last year. The stocks are building up. We have considerable stocks. I do not have the figures here with me. I can obtain them for you.

Mr. Dow. I would be curious to have them, if you would supply them. I do not know whether they would be needed for the committee, but I would be very glad to have those figures myself.

(The following information was submitted to the subcommittee:)

AMERICAN FARM BUREAU FEDERATION,  
Washington, D.C., March 4, 1968.

Hon. W. R. POAGE,  
*Chairman, House Committee on Agriculture,*  
*Washington, D.C.*

DEAR MR. CHAIRMAN: During our testimony with respect to Public Law 480, the Food for Peace Act, on February 29, 1968, Congressman Dow requested information with respect to the quantities of dairy products currently owned or controlled by the Commodity Credit Corporation. The information follows:

Quantities of dairy products under price support loan and owned by the Commodity Credit Corporation on December 31, 1967 totaled 423,407,000 pounds. This compares to 384,000 pounds on December 31, 1966; and 163,898,000 pounds on December 31, 1965.

As indicated in our testimony, stocks of dairy products had been virtually eliminated by the end of 1966 but were again built up to substantial amounts in 1967. The breakdown of these figures follows:

[In thousands of pounds]

Item	1967	1966	1965
Butter.....	152,601	-----	32,079
Cheese.....	80,259	-----	444
Milk, dried.....	190,547	384	131,100
Total dairy products.....	423,407	384	153,893

In this context, the relative significance of imports and exports of dairy products was also discussed. These figures for the period 1964-1965 are as follows:

[In millions of pounds]

Year	Imports	Exports		
		Total	Commercial	Noncommercial
1964.....	830	6,874	370	6,504
1965.....	918	1,839	417	1,422
1966.....	2,775	780	780	0
1967.....	2,855	364	354	10

The export figures for nonfat dry milk follow a similar pattern:

[In millions of pounds]

## EXPORTS

Year	Total	Commercial	Noncommercial
1964.....	582	352	230
1965.....	522	388	178
1966.....	388	366	64
1967.....	409	390	61

As the foregoing indicates, total exports of nonfat dry milk dropped from 582 million pounds in 1964 to 388 million pounds in 1966. The great bulk of this drop was in the decreased non-commercial programming.

We hope that this information will be helpful to the Committee and respectfully request that it be made a part of the hearing record with respect to the extension of Public Law 480.

Very truly yours,

HERBERT E. HARRIS II, *Legislative Counsel*.

Mr. LYNN. We would be happy to supply them to you.

Mr. Dow. That is fine. I have done a good deal of talking about this. I have spoken about the dairy issue with my dairymen, and they have talked a great deal about it, talking about cutting back of butter imports, and that is where the attention was focused. I am rather surprised that none of them brought up this question, with me anyway, about the declining exports. It concerns me a great deal. I might say that I will delve into it a little more.

Mr. HARRIS. It is interesting to look at those figures.

The imports rose from 900 million pounds to approximately 2.7 billion. It went up approximately 1.8 billion pounds.

Mr. Dow. Higher than that.

Mr. HARRIS. I am giving you the 1966 figures. Then they were going up to a level equivalent of about 3.5 annually.

Mr. Dow. The President took note of that when he said he cut that back to the original.

Mr. HARRIS. To 1 billion.

Mr. Dow. One other question relating to the export of dairy products under the Public Law 480 program. Do we have takers among the other nations, so that if we have dairy products to export, would they be suitable for import over there?

In other words, there is no bottleneck on that end of it, I might take it?

Mr. LYNN. I do not think so, sir. Some of the complaints that we have had from some of the recipients of the dairy commodities is the fact that they are unable to do long-term programming. In other words, if you establish a reconstituted milk program as part of your school lunch program in South Korea, for example—this is the one I have reference to—you have got to be pretty well assure of a consistent supply over a period of time, and this is one of the points we have in mind here. We do not think that a lot of people have caught on to the fact that we changed this law from a surplus disposal law to a law to provide the commodities that these people want irrespective of whether it is surplus or not.

Mr. Dow. Are there any religious scruples over there about using butterfat products; that is, in the Arab countries, or in India?

Mr. LYNN. We do not think so.

Mr. HARRIS. We have heard about religious scruples on a lot of different products, on different food products, but I do not recall any on dairy products.

Mr. Dow. I want to thank you gentlemen. It has been very interesting.

The CHAIRMAN. Are there any further questions of Mr. Lynn?

Mr. Gathings?

Mr. GATHINGS. I have just one thing in mind, Mr. Chairman.

You recall that in 1966 Mr. Dole, of Kansas, suggested what is known as the farmer-to-farmer program. It was not a part of the act at that time. From your testimony here today your organization is for retrenching. Do you feel like you would want to increase the amount of funds in the budget for the furtherance of this program another year?

Mr. LYNN. Our recommendation was to keep it at the operating level such as we currently have. We have established a farmer-to-farmer program as a part of the Farm Bureau program. No; we have no objection to continuing to promote this, because we think it is a good idea.

Mr. GATHINGS. It has not been implemented?

Mr. LYNN. Not to the extent that it might be. We are carrying on without any governmental assistance a farmer-to-farmer program that we think is going to prove very helpful. The cooperators are now Mexico and Japan, but we hope to spread it out even further.

Mr. GATHINGS. How much does the project cost in Mexico and in Japan? Do you recall what it is?

Mr. LYNN. No. The cost is in the neighborhood of about \$100,000 a year. I would not want to be held to that figure, because I am not directly concerned with it, except as a concept, but we feel that this is good money spent. This farmer-to-farmer program can be used as a very effective trade promotion program.

Mr. GATHINGS. That is quite different from what Mr. Dole had in mind, which was an Extension Service facility—

Mr. LYNN. Yes.

Mr. GATHINGS (continuing). In the bill that was passed.

That is all.

Thank you.

The CHAIRMAN. Thank you.

I want to discuss with you and not argue with you, about your suggestion No. 4 on the last page.

It looks to me like that is a dangerous proposition, particularly as it relates to cotton with which I am little better acquainted than I am with some other commodities.

If we made an agreement with a foreign nation to take 100,000 bales of cotton and just leave it there, would we not enter into a dangerous agreement where they might take what they need, of a variety which we need at home, whereas you might have 100,000 bales of another quality that might not be needed and not desired and you would not be able to sell it?

Mr. LYNN. I guess we did not make this completely clear, Mr. Poage. We had in mind that in the initial agreement that it would indicate the kind of cotton they wanted, rather than our saying to them: "You can only have  $1\frac{1}{16}$  inch, because that is what we have the most of."

The CHAIRMAN. In other words—

Mr. LYNN. If they wanted  $1\frac{1}{16}$ -inch cotton, and we put that in the agreement, we would be for that.

The CHAIRMAN. In other words, you mean no matter what our situation is at home, even if they wanted  $1\frac{1}{16}$ -inch cotton, that you would be in favor of selling them that  $1\frac{1}{16}$  inch?

Mr. LYNN. Yes, sir.

The CHAIRMAN. Without trying to bargain them into buying seven-eighths?

Mr. LYNN. I would not go quite that far under the example that you give. I hope right here that we think that the amendment in 1966 was to go into the market system and that anything we can do to strengthen the market system should be done.

The CHAIRMAN. Do you not presuppose that you are getting paid in something of comparable value to the United States? Is that a valid assumption?

Mr. LYNN. We believe that the spirit of the amendment in 1966 was moving in the direction of a credit program rather than accepting local currencies as a step in the right direction.

The CHAIRMAN. I think that is true, but when we make a deal, the commodity has to move.

Mr. LYNN. We would not argue with you on that point, Mr. Poage. We would hope that this would be emphasized in the initial negotiations of some of these longer term contracts.

The CHAIRMAN. I do, too.

Mr. HARRIS. This is a change of course in the concept, a change from the surplus program to a food and fiber aid program. Obviously, in the case of cotton where we might have a strong surplus situation in one particular kind of cotton, the decision made is still geared to the surplus proposal concept rather than the food and fiber aid concept. As you move into an area, it may not be in surplus products, then, of

course, you move into giving the incentive to the production of that type of thing that the people want.

The CHAIRMAN. I think I understand that philosophy.

It seems to be that the problem is getting too complicated in what you assume has happened.

Mr. HARRIS. This may apply more to food aid than fiber aid.

The CHAIRMAN. If there are no further questions, we are very much obliged to all of you gentlemen. We appreciate your attendance.

The committee stands adjourned.

(Whereupon, at 12:10 p.m., the committee arose.)

## EXTENSION OF PUBLIC LAW 480

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WEDNESDAY, MARCH 6, 1968

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON AGRICULTURE,  
*Washington, D.C.*

The committee met, pursuant to call, at 11:15 a.m., in room 1301, Longworth House Office Building, the Honorable W. R. Poage (chairman) presiding.

Present: Representatives Poage, Gathings, Abernethy, Abbitt, Purcell, Foley, Jones of North Carolina, Dow, Nichols, Montgomery, Rarick, Belcher, Teague of California, Mrs. May, Dole, Miller, Mathias, Mayne, Zwack, Kleppe, Price, and Myers.

Also present: Christine S. Gallagher, clerk; William C. Black, general counsel; Hyde H. Murray, assistant counsel; and Fowler C. West, assistant staff consultant.

The CHAIRMAN. The committee will come to order for the further consideration of the extension of Public Law 480.

We have at this time a bill by Mr. Purcell on this subject, H.R. 15693, to extend the law for the next 3 years.

Our first witness this morning is our former colleague who is now with the Foreign Affairs Committee. We are delighted to have you back, Paul, and we will be glad to hear from you now.

Paul Findley is a former member of our committee and presently is a member of the Foreign Affairs Committee of the House.

(H.R. 15693, introduced by Mr. Purcell, follows:)

[H.R. 15693, 90th Cong., second sess.]

A BILL To extend the Agricultural Trade Development and Assistance Act of 1954, as amended

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Agricultural Trade Development and Assistance Act of 1954, as amended, is extended by striking out "December 31, 1968" in section 409 and substituting "December 31, 1971".*

The CHAIRMAN. We are glad to have you with us.

### STATEMENT OF HON. PAUL FINDLEY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

Mr. FINDLEY. Thank you very much, Mr. Chairman and members of the committee, for this opportunity to present views concerning the proposed extension of the food-for-peace program (Public Law 480).

In the hearings on Public Law 480 about 2 years ago, Agriculture Secretary Orville L. Freeman observed that "while we had dispensed \$15 billion in food aid since 1954, the world, as far as food needs were

concerned, was worse off than before we began the food aid programs." Since then the United States has spent approximately \$3 billion more in food gifts overseas. While wheat and rice variety experiments are promising and weather conditions have been excellent this past year, Mr. Freeman's generalization of 2 years ago still holds true.

The danger of famine in vast areas is growing—not receding—and this fact should cause the Congress to ponder whether Public Law 480 has been wisely formulated. I therefore congratulate this committee on undertaking these hearings and encourage you to make a special effort to call witnesses who are completely free of vested interest in continuing the program along present lines. Spokesmen for producer groups and the executive branch can hardly be expected to give appraisals which are completely detached from self-interest.

My first suggestion is that title I authority should be phased out completely.

The true character of title I transactions—soft- and hard-currency alike—is so obscured in the mysteries of the monetary jungle as almost to defy comprehension except in the top echelon of the Foreign Agricultural Service of USDA. In fact, it has occurred to me that the terminology may actually be a conspiracy against public understanding.

I draw your attention to the document which I have in my hand right now which should have reached each of your desks on or about March 5. It outlines a proposed title I agreement. It is carefully labeled "For official use only until agreement is signed," so I cannot in this open hearing identify the country or give details. When you examine it, if you have not already, I am sure you will agree that it is hardly designed for quick comprehension.

Careful analysis, however, shows that only 20 percent of the transaction is repayable in dollars, and on this the interest rate is only 2 percent for 10 years and 2½ percent for the balance—30 more years. No installment on principal is due for 10 years. Then 31 annual payments commence.

Most of the other 80 percent is used to finance various programs benefiting only the local government.

From the standpoint of the local government, this transaction is regarded as a purchase. From the standpoint of our Government, it is regarded as a sale.

Some purchase! Some sale! The so-called hard money part has terms so unbusinesslike and truly ridiculous as to raise serious question whether principal payment will ever occur. The next generation may well object to paying their grandparents' 40-year-old grocery bills.

The payment in soft money is payment only in the loosest use of the word. A small portion may be spent for U.S. local purposes, and some of the loans may at some distant date become dollars. However, because the transaction is explained as a purchase by the local government, local officials can—and do—get by with selling, not donating, the grain to local people. Because it is explained as a sale by the United States, U.S. producers and other taxpayers, for the most part, feel good about it. Most Americans who are aware that the transactions in reality amount to donations don't object because they mistakenly think the grain is given to destitute people.

My suggestion : Let's phase out the whole title.

In 1968, about \$1.4 billion will be spent under this title. I suggest that only \$1 billion be authorized for 1969, and only \$500 million for 1970. Shipments to each recipient country would accordingly be stepped down proportionately each year.

In addition, I suggest that \$500 million be authorized for each year under title II. This would enable the President to meet emergency situations through donations directly to the local government, or through private charitable distribution.

By this means, in 2 years unbusinesslike deals which effectively conceal subsidies and fool the public at both ends of the transaction would be ended. After 1970, local governments would then have the choice of purchasing grain requirements on a businesslike basis through private channels or Commodity Credit Corporation short-term credit sales—or accept donations.

Inasmuch as both Pakistan and India now talk optimistically about being self-sufficient in grain production by 1971, this would give them added incentive to press forward to that goal. For our part, the United States would not foreclose action to meet humanitarian needs because the title II authority would remain.

This approach has the further advantage of reducing the uncertainty that has attended Public Law 480 transactions in recent years. On-again, off-again pronouncements extending over weeks and months contributed to sharp declines in wheat prices this past year.

Farmers and merchandisers could plan with greater assurance on overseas requirements because the unpredictable impact of political decisions would be quickly reduced to a minimum.

My second suggestion is that this committee consider revising the legislation to unfreeze U.S.-owned local currencies to the maximum extent possible. My recommendation is that every Public Law 480 transaction, whether under title I or title II, contain a requirement under which the local government must unfreeze all U.S. holdings of local currencies—no matter what the origin—and make these available for purchase by U.S. visitors.

Data supplied by committee members under date of March 1 by the Department of State shows that the United States owned a grand total of \$2,259 million in local currencies in 65 different countries on last July 1. In only seven of these can U.S. visitors now use dollars to purchase such currencies.

In view of our monetary plight, all such countries should be required to unfreeze U.S.-owned currencies as a condition of further assistance from U.S. taxpayers.

The same State Department communication contained a copy of the promotional brochure intended to show how U.S. visitors to those seven countries can utilize the program. Clearly, in each country travelers must find the American Embassy and do so within limited hours Monday through Friday. No sales are made on Saturdays or Sundays.

I hope this committee can effectively encourage the executive branch at long last to promote this program adequately and expand it. Travelers should be able to purchase the currencies at points of embarkation or at least at points of arrival in the country. Service should be available at all hours that terminals are busy. Carriers should be encouraged to accept local currencies in payment.

By all means, the tourist-dollar exchange program which I have been discussing here should be inaugurated promptly in the 21 additional countries where it needs only U.S. approval to be underway, that is, in these seven countries.

Since the program was initiated as the result of an amendment I offered in 1962, U.S. visitors and foundations have purchased over \$7 million in local currencies, but this was only a fraction of the program's potential mainly because our Government had not promoted it imaginatively.

My third suggestion is to break up the near monopoly in overseas grain business. My recommendation is that the legislation limit to 10 percent the volume of Public Law 480 business which any single firm—including its subsidiaries, local or foreign—can handle.

Last year a subcommittee of the Government Operations Committee reported that four firms—Continental, Dreyfus, Cargill, and Bunge—handled 75 percent of all grain exports. Public Law 480 wheat was, of course, the biggest single item.

This committee might usefully find out the extent to which the Big Four dominated Public Law 480 business, why this was so, and thereby determine the extent to which Public Law 480 has promoted monopolistic conditions in overseas grain merchandising.

The CHAIRMAN. Thank you very much, Mr. Findley. We appreciate your suggestions here. In connection with that last suggestion, I just wonder what the percentage is of the domestic consumption business that is done by these four firms.

Mr. FINDLEY. I do not know.

The CHAIRMAN. They do about the same percentage of our domestic business as they do of our export business, do they?

Mr. FINDLEY. It could well be. I must say that I have had expressions from a number of the country elevators and other merchandisers of grain in my State expressing great concern about the growth in importance of the Big Four in domestic merchandising, too.

The CHAIRMAN. I do not want to take up any time, because we must hurry on.

Are there any questions of Mr. Findley?

If there are no questions, we are very much obliged to you, Mr. Findley, and hope you will always feel free to come back here. We are glad to have you.

Mr. FINDLEY. Thank you.

The CHAIRMAN. Our next witness is Mr. Robert G. Lewis.

We will be glad to hear from you now.

#### STATEMENT OF ROBERT G. LEWIS, CONSULTANT, WASHINGTON, D.C.

Mr. LEWIS. Mr. Chairman, I am Robert G. Lewis. I have worked for a number of years in the Department of Agriculture in various positions related to farm programs, international trade, and economic development. Recently I completed a special consulting assignment with the Agency for International Development in which I studied food and agricultural problems at firsthand in India. I am now a consultant on these matters in private practice in Washington. I have been commissioned jointly by a group of the Nation's leading farm organizations, agriculture commodity associations, and farm product manu-

factoring and merchandising firms to conduct a study to develop a proposal for expanding the use of U.S. farm commodities for food for peace. I am grateful for the opportunity to appear here today.

Mr. Chairman, I was impressed by your statement on February 20 at the Conference on the World Food Crisis, that you hope in your committee's consideration of legislation to renew the food-for-peace program this year, to find ways whereby it can contribute more effectively to solving the problem of the balance of payments of the United States. I have a proposal to suggest here today which I believe will do this. In addition, I believe it would make it possible for the United States to increase its shipments of farm commodities under the food for peace program, without increasing the overall net costs to the Government of the United States.

Before getting to the proposal itself, I would like to review briefly the extent of world need for increased food consumption, and the interests of farmers in the United States in securing an expansion of the food-for-peace shipments.

Half a billion people on earth today, nearly one out of five, need more food than they can get to eat. These hungry people, plus twice as many more, adding up altogether to half the human race, need to have more high-quality food in their diets in order to overcome the health-destroying, energy-depleting effects of malnutrition.

The main obstacle to using more of America's abundant food resources to meet this need has been the cost to the U.S. Government.

At present, food-for-peace shipments are sold for the currency of the importing country, and some are donated outright. The importing country currencies that are paid for the food can be spent only within the importing country, and in the main only by the U.S. Government. The commercial trading firms that export the food are reimbursed by the U.S. Government in dollars for the value of the food shipped, and the U.S. Government takes possession of the foreign currencies. In some countries, large amounts of these currencies in excess of the needs of the U.S. Government are kept "frozen" in its bank accounts within the importing country, unused and unusable.

In these circumstances, it is somewhat cheaper for the U.S. Government to reduce its food production by paying farmers to withhold some of their cropland from production than it would be to ship the equivalent additional quantities as food for peace. At present these payments to reduce farm production amount to 60 percent or more of what it would cost to deliver an equivalent quantity of the commodities as food for peace to hungry people overseas.

#### **"COST BARRIER" HURTS U.S. FARMERS**

**The whole Nation's** interest in human compassion, and in world economic and social development, is damaged by the "cost barrier" against making greater use of food for peace. Although the farmers' interests are more specific and more direct, their stake merely parallels that of the general public. Recent experience has shown how this cost barrier reduces the sale of food-for-peace shipments, with the parallel result of price and income disadvantage to U.S. farmers.

The "cost barrier" is probably the central reason that the slump in farm prices in late 1966 and in 1967 was not reversed by shipping greater quantities of food to hunger areas. More food was needed,

and more was wanted, and more could have been used constructively. There was famine in the world for the first time since World War II, threatening millions of human lives in India. But the unexpectedly large grain supplies were permitted to burden the commodity markets, thus depressing farmers' prices and incomes in the face of vast unmet real needs for food.

The delayed action effect of this "cost barrier" needs to be explained for a full understanding of how it promotes the shrinkage of food for peace.

If the wheat and corn and sorghum grain and soybean oil that burdened domestic and world markets in 1967 had been drawn upon for increased food-for-peace shipments, reserve stocks would have needed to be rebuilt in 1968. The Government cost is less to let the 1967 surplus remain to hang over the market and to pay farmers to withhold more of their cropland from production in 1968. Moreover, this also allows the cost to be postponed. The lower-cost-and-later-cost road is usually the path of least resistance, and that is the route that is more likely to be followed in Government, regardless of what administration may be in power. The peak of \$1.9 billion in the value of food for peace that was shipped from the 1956 crop has never been equaled since. Large-scale programs to pay farmers to withhold cropland from production have been favored since then for controlling surpluses.

This has been a route that spirals downward, relatively if not absolutely, for the farmers and for the hungry. Food-for-peace shipments are becoming smaller in relation to world need, in relation to total U.S. farm production, in relation to total U.S. Government spending. Farm prices are lower in relation to farmers' costs and in relation to the prices of other goods and services. Farmers' incomes are lower in relation to total national income. And as long as the "cost barrier" stands against greater use of food for peace, the path of least resistance probably will continue to lead toward resisting the needs of the hungry, toward constricting the use of food for peace.

#### BREAKING THROUGH THE "COST BARRIER"

If a way can be found to break through the "cost barrier," the down-spiral in the use of American farm products as food for peace can be reversed.

Suppose that shipping more food for peace in 1966 and 1967 would have saved money for the Government, instead of adding to its costs. The path of least resistance for the Government then would have been to say "Yes" instead of "No" to the hungry, and to the farmers. The Government's innate bias toward the low-cost choice would have coincided with and reinforced all the other considerations that argued for expanding the shipments of food for peace. It would have shifted the initiative toward exporting more food and away from the choice to preserve burdensome stocks so as to minimize the Government's replacement costs. Human hunger could become a far more active factor in demand, which it ought to be. The opportunity to make "soft currency" sales would have the same kind of appeal, although in smaller degree, that regular commercial business does.

And for the long run, supplying a bigger market today with generate a still larger market for tomorrow. If only food for peace can break through the "cost barrier," it can turn the farm and food economy onto an upward spiral, toward a future in which demand will rise in closer harmony with rising human need, and in which food for peace can play the larger role in world economic development that recent studies indicate it can and should.

I wish to propose an amendment to Public Law 480 that would make it possible for the United States to ship larger quantities of food for peace without increasing overall costs to the Government.

The key principle of my proposal is that ways are devised whereby the U.S. Government could recover at least the additional costs that would be required for shipping farm commodities for use in hungry countries overseas, as compared to the costs of payments to farmers to not produce an equivalent volume of the commodities.

This is not as difficult a feat as it might seem to be. The key fact is that the U.S. Government, under the Farm Act of 1965, is already obligated to pay 60 percent or more of the cost of the potential food-for-peace shipments whether they are ever produced or not. Uncle Sam needs only to get as little as 40 cents or less on a dollar's worth of food for peace to break even.

The estimate of 40 cents as the break-even point, as compared to the cost of paying farmers not to produce, is from the Department of Agriculture. My own investigations indicate that the break-even point may be considerably lower.

The United States has been a great trading nation. Surely it is not beyond American ingenuity to devise ways by which food can be sold in a hungry world when its cost can be as little as 40 cents or less for a dollar's worth.

The proposal is:

That a new type of transaction be authorized under title I of Public Law 480, through which:

First, the local currency proceeds from sales of farm commodities would be sold by the U.S. Government, at competitive rates, to private individuals or firms, for restricted uses within the importing country.

Second, the purposes for which the use of such currencies would be permitted would be specified in the sales agreement between the governments of the importing country and the United States. General objections would be to avoid disruptive effects upon the economy of the importing country, and interference with usual marketing of farm commodities within the importing country by the United States and other exporters.

Third, as a general rule, the uses which would be permitted would be those which would result in substantial increases in employment in the importing countries. New consumer buying power that is generated by creating jobs for the unemployed and underemployed in poor countries is used primarily to buy food, and a little clothing. This increased demand for food would be offset directly by the food imported, so that the overall economic impact would be noninflationary.

Fourth, the agreed purposes would stress also economic development, capital formation, and export development, thus contributing directly to the longrun ability of the country's economy to pay for its imports on fully commercial terms.

At present, title I of Public Law 480 authorizes sales of farm commodities for local currencies, but such currencies cannot be resold to private individuals or firms. It also authorizes sales for local currencies with provision for repayment in dollars over a long term.

Unlike either of these present methods, this proposal would enable the U.S. Government to realize some immediate return in dollars or other hard currencies on concessional sales of surplus commodities.

This would improve the balance-of-payments situation of the United States to the extent that the local currencies that were offered for sale would be purchased by investors from other countries.

Moreover, it would enable American citizens to make investments in developing countries without affecting the U.S. balance of payments adversely.

#### SUGGESTED USES FOR LOCAL CURRENCIES

Here are some illustrative uses that should be permitted of the local currencies that would be sold to private interests at competitive rates:

First, for the purchase of bonds issued by the municipal or other governmental units of the importing country for financing labor-intensive public works, including basic public capital such as roads, water, and sanitation facilities, school buildings, and the like.

Second, for specified types of business investment within the importing country, particularly such as would result in generating maximum employment of labor in the construction or operation or both of new facilities. As a usual role, investments of local currencies purchased under the proposed program would need to be accompanied with some dollar or other hard currency investment as well.

Third, for the purchase of specified labor-intensive goods for export to the United States and other markets.

Fourth, for use by tourists for purchases of goods and services in the importing country in addition to the amounts they normally would spend.

Fifth, for use by students from the United States to cover all or part of their room and board and other consumption expenses while attending colleges or universities or engaging in research work in the importing country.

#### JOBs NEEDED FOR THE HUNGRY

The need to increase employment in most of the developing countries is of such critical importance as to deserve special emphasis.

As many as one-half or more of the working-age population have no jobs, or are so severely underemployed that they earn and produce almost nothing of value, in many of the populous underdeveloped countries today.

Providing jobs for their enormous and swiftly growing populations is the most urgent immediate problem of the underdeveloped countries.

As a corollary, making use of this vast human resource is the greatest realizable opportunity that exists in the underdeveloped countries. There is, in all of these countries, a tremendous need for elementary public capital of all kinds: For waterworks—for irrigation, household use, and industry; for sanitation facilities; for roads and bridges and culverts; for school buildings, and so on. These facilities can be

constructed by labor-intensive methods, using materials that are locally available in most areas.

The opportunity, in short, is to use our "surplus" food and fiber to transform the underused labor resource—comprised all too often, of human beings who are too malnourished to work effectively or to think creatively—to transform the underused labor resource into useful public capital that will provide the needed basis for further economic development. If American investors—or Frenchmen or Germans or Englishmen or anyone else—can be persuaded to pay only as little as 40 percent, or even less, of the face value of local government bonds for financing public works projects in the developing countries, then the United States could furnish its "surplus" food to make such projects possible without adding to its regular budget costs. If private investors will pay more than 40 percent, perhaps only more than as little as 10 or 20 percent, then the U.S. Government can actually cut its regular budget costs.

I believe in some countries it might be possible to sell these local currencies at relatively small discounts, only a few percentage points below the official exchange rate.

Providing jobs for the enormous and swiftly growing populations of the less-developed countries is vitally important to the United States, as the world's greatest food and fiber exporting nation.

For the farmers of America, providing jobs for the enormous and swiftly growing populations of the less-developed countries is the only hope there is on earth for escape from the depressing burdens of "surplus" agricultural production capacity. Shifting this "surplus" from the commodity warehouses, where it was visible during the 1950's, back into vast acreages withheld from active production, does not escape its depressing burden upon farmers' prices. The experiences of 1966 and 1967 proved that: The "surplus" above ground was gone, but the "surplus" below ground squelched the farmers' hopes for prosperity.

#### NEW SALES METHOD No "CURE-ALL"

It needs to be stressed that the new method proposed here for selling food and fiber under Public Law 480 is by no means claimed to be a substitute for other farm adjustment and foreign aid programs, nor even for the present sales methods authorized in title I.

This is merely an extra tool—a tool that shows much promise for contributing to the overall task of feeding the hungry, and stabilizing and improving the American agricultural economy. A general framework of farm adjustment programs will be needed for some time to come.

The proposed new authority would simply give to the U.S. Government program administrators, both a mandate, and a license, to engage in more aggressive efforts to sell U.S. farm products.

As a matter of fact, it is a kind of reciprocal bargain sale trading scheme, that we would engage in with the less-developed countries.

We have a "surplus" of food and fiber that we can't sell at the full price. We can cut our costs, however, if we can get only as little as 40 to 20 cents, or possibly even less, on the dollar's worth.

For their part, the less-developed countries have a "surplus," too, of unemployed and underemployed people. Partly because of tariffs and other barriers to trade, they can't earn enough to pay us the full price

for our extra food and fiber, notwithstanding the urgency of their need. But possibly they can earn enough to pay something—perhaps enough to bridge the gap between what we would have to pay our farmers for producing less next year, and what it would cost us to ship them the extra food and fiber this year. Perhaps they might be able, after a while if not immediately, to pay even more than the break-even difference in costs.

It is only fair to say also that there is likely to be resistance to this kind of transaction from some of the less-developed countries.

Some governments would prefer to go on as they have in the past, selling the food and fiber that is imported under title I in their domestic markets, and using the proceeds for meeting regular expenses of their governments, instead of raising the needed revenues through taxes. Objections on such grounds should be accepted only rarely, if ever, by the U.S. negotiators.

Some developing country governments might balk at allowing their currencies to be sold at a discount even for strictly limited purposes that would not undermine the value of their currency for normal trade. U.S. negotiators, in such situations, should apply their best talents as salesmen to persuade the potential buyers of the benefits that such transactions would accord to the country and its people. This would enable us to sell more farm commodities which would enable the people of the developing countries to consume more food and fiber.

Some developing country governments might balk because of pressure from their own farmers. Governments of other countries that export farm commodities also might protest. However, the proposed new type of title I transactions would afford no disadvantage either to the farmers of the importing country, or of other exporting countries, because these transactions would create directly the additional demand for food and fiber that would absorb the added supply. In fact, the proposed new type of transactions would be considerably more defensible on these grounds than the present types.

#### ADVANTAGES FOR ALL CONCERNED

To summarize, this proposal would make it possible for the United States to ship larger quantities of "Food for Peace" without increasing the overall costs to the Government.

This would achieve these outstanding advantages:

First, the U.S. balance of payments would be better off, because some immediate return in dollars and other "hard currencies" would be realized from title I sales of American farm commodities.

Second, U.S. taxpayers would be better off, because smaller Government expenditures would be sufficient to maintain a given level of farm prices and incomes.

Third, U.S. farmers would be better off, because, at a given level of Government expenditures, the demand for farm commodities could be increased, and farm prices and farmers' incomes would be strengthened accordingly.

Fourth, U.S. farmers would be better off also because the proposed program would help to build permanent commercial markets for American farm products. If American farm products are kept out of these developing markets through the operation of diversion programs,

market development will proceed much more slowly, and farmers in other countries will enjoy a "head start" in serving them.

(The Government payments to farmers for diverting cropland from production are substitute income, which merely replaces in whole or in part, the income that the farmer would earn from the land taken out of production if instead he were to grow and to market a crop. This substitute income is subject to the year-to-year uncertainty of the willingness of Congress and the executive branch to appropriate the funds needed to maintain farm prices and incomes at desirable levels.)

Fifth, the hungry countries would be better off, because they could obtain additional quantities of needed food, thus making it possible for their now-undernourished citizens to work productively, and to prevent the physical and mental retardation of their children that is now being caused by malnutrition.

Sixth, the farmers of the hungry importing countries, and of other food and fiber exporting countries, would be better off, because the progress would insure that there would be an immediate increase in food and fiber consumption to offset the increase in food and fiber imports, thus protecting normal markets and price levels.

Seventh, the whole world would be better off, because total world consumption of food and fiber would be increased, thus improving the level of human physical and mental health and well-being, and increasing the amount of productive work done to promote economic development. This alone can lead to real ability-to-pay on commercial terms for future food and clothing and other needs.

(The table attached to the prepared statement submitted by Mr. Lewis are as follows:)

COSTS TO U.S. GOVERNMENT OF PAYMENTS TO FARMERS FOR WITHHOLDING CROPLAND FROM PRODUCTION, COMPARED TO EXPORTING EQUIVALENT QUANTITIES OF WHEAT OR FEED GRAINS UNDER TITLE I, PUBLIC LAW 480, 1962-66

	1962	1963	1964	1965	1966
Total acres diverted under Government programs (millions).....	64.8	55.7	54.9	55.9	62.5
Total payments to farmers on condition of diverting cropland from production, excluding wheat certificates (millions).....	\$1,440	\$1,382	\$1,541	\$1,633	\$2,341
Total cost to U.S. Government to export wheat under title I, Public Law 480 (dollars per metric ton) <sup>1</sup> .....	\$83.38	\$38.89	\$86.69	\$73.84	\$76.65
Production of wheat on all diverted acres, assuming yields of two-thirds national average (million metric tons).....	29.5	25.5	26.2	27.3	29.8
Cost of payments for diversion, per metric ton of assumed production of wheat.....	\$48.81	\$54.19	\$58.82	\$60.00	\$78.55
Cost of payments for diversion as percent of cost to export wheat.....	59	61	68	81	102
Total cost to U.S. Government to export feed grains at ratio of 2 corn to 1 sorghum under title I, Public Law 480 (dollars per metric ton).....	\$49.51	\$50.70	\$52.68	\$54.20	\$54.09
Production of feed grains on all diverted acres, assuming two-thirds national average yields of grain crop diverted or of most productive grain alternative (million metric tons).....	47.9	42.5	42.9	51.4	56.8
Cost of payments for diversion per metric ton of assumed production of feed grains.....	\$30.06	\$32.52	\$35.92	\$31.87	\$41.21
Cost of payments for diversion as percent of cost to export feed grains.....	61	64	68	59	79

<sup>1</sup> Export prices f.o.b. Gulf ports, No. 2 HW (DRD) wheat, 1967 World Wheat Statistics and Review of the World Wheat Situation, 1966-67, International Wheat Council, 28 Haymarket, London, United Kingdom, plus export payment, as reported by USDA.

## 10-YEAR CHANGES IN TOTAL AND HUNGRY POPULATIONS

[Numbers in millions of persons]

Region	Number		Increase	
	July 1955	July 1966	Number	Percent
<b>Less-developed world:</b>				
Latin America.....	187	253	66	35
All Asia, less Japan and mainland China.....	824	1,059	235	28
Mainland China <sup>1</sup> .....	602	710	108	18
Africa.....	248	318	70	28
Total, less-developed regions.....	1,861	2,340	479	26
Total, less-developed regions, excluding mainland China.....	1,259	1,630	371	30
Estimated number of persons hungry (not sufficient food quantity), excluding mainland China.....	252	326	74	30
Estimated number of persons malnourished (not adequate food quality), excluding mainland China.....	755	978	223	30
<b>Economically developed world:</b>				
Northern America (United States and Canada).....	184	217	33	18
Europe.....	407	449	42	10
U.S.S.R. ....	198	233	35	17
Japan.....	89	99	11	9
Oceania.....	14	18	4	28
Total, developed regions.....	892	1,016	124	13
<b>World total:</b>				
Population.....	2,753	3,356	603	22
Estimated number of persons hungry (not sufficient food quantity).....	413	503	90	22
Estimated number of persons malnourished (not adequate food quality).....	1,300	1,600	300	22

<sup>1</sup> Population data for mainland China are from official United Nations sources. Unofficial estimates for 1966 range from 70 to 950 millions.

Sources: Population Reference Bureau, Washington, D.C., and "The World Food Problem," report of the President's Science Advisory Committee, vol. II, the White House, May 1967. (Estimates of hunger and malnourishment, based on the latter, are imprecise.)

## ADEQUACY OF NUTRITION BY LEVELS OF INCOME, RURAL SOUTH INDIA, 1958

Item	(A)	(B)	(C)
	Status of 77 percent of rural population, common laborers in public works South India	Approximate level of income, of rural population, common laborers in public works South India	
Per capita expenditures for food per month.	0 to Rs8 (0 to \$1.06).	Rs8 to Rs11 (\$1.06 to \$1.46).....	Rs24 to Rs34 (\$3.19 to \$4.52).
Calories consumed per capita per day.	1,120.....	1,560.....	2,530.....
Daily per capita reference standard, calories.	2,300.....	2,300.....	2,300.....
Protein consumed per capita per day (grams).	31.....	45.....	72.....
Daily per capita reference standard, protein (grams).	60.....	60.....	60.....
Per capita consumption as percent of daily per capita reference standard:			
Calories.....	48.....	68.....	110.....
Protein.....	51.....	75.....	120.....
Family (6 persons) expenditures for food, per month.	0 to Rs48 (0 to \$6.38).	Rs48 to Rs66 (\$6.38 to \$8.78).....	Rs144 to Rs204 (\$19.14 to \$27.12).
Total family (6 persons) income per month, assuming 90 percent used for food at incomes under Rs100 per month.	0 to Rs53 (0 to \$7.05).	Rs53 to Rs73 (\$7.05 to \$9.71)....	Rs160 or more (\$21.28 or more).
Increase in calories consumed above lowest income level (col. A).	39.....	.....	126.....
Increase in protein consumed above lowest income level (col. A).	45.....	.....	132.....

Sources: "The World Food Problem," vol. II, Report of Panel on the World Food Supply, President's Science Advisory Committee, the White House, May 1967, pp. 43-44. World Food Budget, 1970, Economic Research Service, U.S. Department of Agriculture, October 1964.

**The CHAIRMAN.** Thank you very much, Mr. Lewis.

The Chairman had heard of this before. I think it is a most interesting suggestion. I am not at all sure that I understand all of the ramifications of the suggestions, but I think it is certainly worthy of consideration.

I was wondering, Mr. Lewis, if you have some idea as to the effect such a program would have on the commercial market?

I am always disturbed about moving substantial quantities of food and fiber, as to what it does to our world market. What is your opinion as to moving substantially more food under the terms that you suggest?

If you do that, what is it going to do to the commercial movement of wheat? What will it do to the commercial movement of cotton or any other commodities?

**Mr. LEWIS.** Mr. Chairman, I think that this depends entirely on the faithfulness of the program's administration in terms of insisting that additional consumption be generated to accompany the additional supply.

**The CHAIRMAN.** Well, now, we have tried to do that time and again, and in the past we have gone into all of this about additionality, and for all of those statistics of additionality I would give you just exactly what the water in this glass is worth and absolutely no more, because that additionality means nothing in the world except that somebody wrote a report, and I can get a report of additionality in France or in Japan or anywhere else in the world. That is pure buncombe of the worst kind. I am not going to rely upon those statistics from anybody.

I do not mean to criticize anybody in that respect, but those statistics are just like getting a prescription for a cold in prohibition days.

**Mr. LEWIS.** Let me illustrate by my own observations, Mr. Chairman.

Last fall, I saw with my own eyes thousands of people who are eating at a level of about two-fifths the amount of calories that are considered by the United Nations and by the United States as an adequate calories level, to provide enough energy for a full day's work. These people are eating much less than they need and much less than they want. They cannot perform a day's work on that kind of a diet of 1,000 or 1,500 calories. If those people are put to work moving dirt, moving earth to build roads, they need more calories going through their alimentary systems to generate the human energy to do that work. If they are paid 20 or 30 cents a day for that kind of labor, they will spend, according to the United Nations studies, 90 percent and more of their wages to buy food.

I think that this proposal, by attaching positive links to the creation of employment, putting the people to work who otherwise would not eat enough, can provide a much more positive assurance of additionality than the other kinds of programs have.

**The CHAIRMAN.** In other words, you would not want to extend this on somebody's statistics on additionality but on somebody's assurance that money will be expended only to employ labor?

**Mr. LEWIS.** I would say, Mr. Chairman, that the currencies that are sold at a discount under this program should be put into a bank account that could be drawn upon only upon a satisfactory showing to the importing country government and the United States that it was being spent in accordance with the terms of the agreement, which would be for labor-intensive employment, to hire people to put them to work.

The CHAIRMAN. You make a good argument there. Although, I happen to remember that when we first began sending food to India—I am talking about the original idea—that it was only for that purpose of feeding people who could not buy, but it was not long until the Australian market for 30 million bushels of wheat was destroyed. We were not supposed to be getting into any commercial markets, but Australia, which had been selling those 30 million bushels there found their market went down to about 1 million bushels.

So, I think that regardless of what our theory may be, we have got to face the facts that any of these programs do have some effect on commercial sales of the commodities.

You make a rather persuasive argument to me that we can minimize the effect on the commercial markets.

Would you give me any suggestion as to what the effect of selling these local currencies at a discount will be on the local country?

Can a country stand to have its currency sold at a discount?

Mr. LEWIS. Well, the primary problem might be, I think, psychological because it is disturbing to any people to have their currencies sold at less than face value. But in economic terms, what is actually being proposed here is that human labor be sold at a discount, that the cost of human labor be subsidized, in effect, by this program so that it would be advantageous to say to an American investor who wants to build some kind of a factory that he could buy the currency under this program at a discount to hire hand labor to do the ground clearing, to dig the footings, and to do some of the construction work, instead of importing heavy machinery and gasoline and using electricity to perform that kind of construction work.

The CHAIRMAN. I understand that. That appeals to me. I think that it is on real sound ground there. But how much can a foreign country stand in the way of discounting its currencies? Let us not name a particular country, but let us say Country *x* has a currency that is worth today 100 cents and we come in there and we sell it to the private contractor for 60 cents. What happens then?

Mr. LEWIS. The first thing in my proposal would be that the uses to which that discounted currency would or could be used would be agreed to by the importing countries.

The CHAIRMAN. I understand that. I think that is fine.

Mr. LEWIS. The real choice that they would make in that case, is whether to offer a subsidy, in effect, to the employer to use labor-intensive methods, instead of using capital-intensive methods.

The CHAIRMAN. That is what it comes to. You have just said that the effect might largely be psychological. Is not all this pressure on the American gold reserves psychological? And would not these various psychological pressures oftentimes be calculated to destroy the value of the rest of the local currency?

Mr. LEWIS. I do not believe that would happen if care was taken to specify very clearly the limited uses to which this discounted currency could be used. Then anybody who wants to buy—I do not remember the kind of currency that your country *x* has.

The CHAIRMAN. I gave you a purely fictitious country. There is no such country.

Mr. LEWIS. Anyone who buys the currency of Country *x* at a discount would not be allowed to use it for anything else that he might want to buy in that country. He could use the discounted currency

only for limited purposes. If he wanted to buy other things, that is, other goods and services, he would have to buy the local currency at the official exchange rate. This actually would amount to an incentive to employ human labor in lieu of using machinery and labor-saving devices.

**The CHAIRMAN.** I think that is true; I think that is sound. But from the standpoint of the developing country, most of them want supersonic jets, not because they are threatened but because of prestige, and I would doubt that they will not stand still while you make their currency look bad even though it might give them substantial relief.

**Mr. LEWIS.** I think, Mr. Chairman, that this will provide an incentive and an American influence against that tendency, and it would make it easier and more possible and more feasible to stimulate the increased employment of their own people. It seems to me that this gives us a strong arguing point to use with other governments. We have the agricultural capacity to sell, and we ought to make the terms sound as appealing as we possibly can and do everything we can to make it feasible for the importing country to do business on this basis and to recognize the advantages to them of employing more of their own people and increasing their total consumption of food.

**The CHAIRMAN.** I think it is a good suggestion. I could talk on here the rest of the day, but I know that we must move on.

**Mr. Miller** has asked for recognition.

**Mr. MILLER.** I would like to ask a question, because the overall picture certainly seems to be good.

We have talked of building roads, water systems in countries where people are not now able to afford them; we are talking of feeding many people; we are talking also, as I understand it, of helping our own agricultural people.

Let me point to this: A farmer who, today, has 1 acre—let us get down to basics—we are talking of paying that man next year the same amount of money for producing on that 1 acre what he is paid this year for not producing. Am I correct in that statement?

**Mr. LEWIS.** No, I think, actually, it works out that the payment to the farmer for not producing is substitute income. It merely substitutes for the income that he would earn on his land if he produced, instead of diverting it under the diversion program.

What I am proposing is that if this would be adopted so as to expand the volume of exports, say, of 1967, so that our stocks will be drawn down further in 1967 and they can be replenished then by the Government at less cost in 1968. That is where the difference comes in as to the cost.

The benefit to the farmer is that in 1967 there will be a large demand for farm commodities and prices will be strengthened accordingly. He will be able to sell in a market with more demand, instead of seeing the little surplus hanging over the market and dampening it.

**Mr. MILLER.** Let me ask you this: If this man were to be paid the same amount now for producing as he would be for not producing, he must plant the seed and he has the cost of fertilizer and the cost of the necessary machinery, will the farmer be harmed by this program in the overall picture because of this?

**Mr. LEWIS.** No, he will be helped by it. It is not that the farmer would be paid the same amount for producing as he is paid for not producing, but that the United States would expand its exports under the Food for Peace Program so as to increase the demand for United States farm products, and then the diversion program will not be needed to be applied as severely as otherwise. The farmer will get his income in the market. He will get the full price of what he could earn on his land, and it will be a better price, because the demand will be stronger, in place of getting payments for not producing. He will actually come out with more money. There will be more money running through the cash registers in the small, rural towns and to the business people therein, and the farmer will have a stronger market to improve his income.

**Mr. MILLER.** Thank you.

That is all, Mr. Chairman.

**The CHAIRMAN.** Mr. Kleppe?

**Mr. KLEPPE.** Mr. Lewis, I am also very intrigued with your statement. It seems to me, in looking at your recommendations, the first thing that strikes me is that it would take quite a job of education. It would take quite a supersalesman's job and supernegotiating job on the part of the United States to effectuate the suggestions you have made. I do not say this along the lines that it is impossible, that it cannot be done—not at all. I only say this, because it seems to me that it would be difficult to educate the parties involved in this, that it was good for them. This idea that the chairman mentioned about discounting the currency, this, certainly, is on first blush a difficult thing to sell a country on that idea, based on the subsidiary benefits that they would get which you describe.

I think that you have made a good answer.

Now, I have a specific question that I would like to ask you regarding your testimony on page 6 where you made reference to five illustrative uses that should be permitted of local currencies that would be sold to private interests. Your whole program is based on our making more sales for more local soft currencies and thereby selling them to get more hard dollars back.

Do you recite these five points here for something to be given to the negotiators, to the people in our Government, to try to sell the private interests in these foreign countries, as to what they can do with those purchases? Is that the purpose of these five items?

**Mr. LEWIS.** That is what I am driving at, sir.

**Mr. KLEPPE.** You are not talking here about something legislatively?

**Mr. LEWIS.** Oh, no.

**Mr. KLEPPE.** These are just suggestions for the negotiators?

**Mr. LEWIS.** Yes.

**Mr. KLEPPE.** This answers my question. Thank you.

That is all, Mr. Chairman.

**The CHAIRMAN.** Mr. Mayne.

**Mr. MAYNE.** I notice in the first paragraph of your written testimony that you said nothing about your representation.

Then, in your oral statement you said that you were in private practice in Washington. And then you did say something about who you are representing. Would you mind repeating that for the record, please?

Mr. LEWIS. I have been commissioned by a group of farm organizations, farm commodity associations and commercial farm commodity trading firms, to study the ways whereby the food-for-peace program might be expanded. I have not yet completed that study. I have not reported to the group who have commissioned me for this work.

Mr. MAYNE. Who are the farm organizations whom you are representing?

Mr. LEWIS. I would rather leave it to them to disclose it, because they have not had a chance to review my conclusions and recommendations. I have not yet submitted my conclusion to them, and I would not wish to compromise their freedom to decide for themselves whether or not they want to support my recommendations.

Mr. MAYNE. Well, who are the farm commodity associations whom you are representing here today?

Mr. LEWIS. I am representing no one but myself, sir.

Mr. MAYNE. Who are the commercial farm commodity trading firms that you are representing here today?

Mr. LEWIS. I am representing no one but myself. I am not authorized at this time to speak for any group other than myself as an individual.

Mr. MAYNE. I wonder, do you have a written statement, such as the one you gave for the record?

Mr. LEWIS. I have some notes, yes.

Mr. MAYNE. What was it that you said at that time—I am not sure that I gathered that, and I do not believe that the reporter did.

Mr. LEWIS I have been commissioned jointly by a group of the Nation's leading farm organizations, agricultural commodity associations, and farm product manufacturing and merchandising firms, to conduct a study to develop a proposal for expanding the use of U.S. commodities for food for peace.

Mr. MAYNE. Do you not think that a fair interpretation of that statement is that you are representing such organizations?

Mr. LEWIS. I certainly do not think so, because I made it explicitly clear that I am not representing them. What I have said may or may not represent the views and judgments that will be made by the people who have sponsored this study.

The CHAIRMAN. I do not want to preclude anybody from any proper cross-examination of a witness, but I would like to say, in fairness to Mr. Lewis, that he had talked to me about what he had in mind. He has told me that he had not completed the work for which he had been employed, and he had not submitted his study to his employers. He hoped to have a study available in the next 2 or 3 weeks which we might be interested in. I thought he had a very interesting concept here, something which we should hear, and I asked him to put it before the committee.

I do not understand that Mr. Lewis ever claimed that he was speaking for anybody. He has been doing some work here. He has worked out an idea which he has not yet even presented to his clients; and it would seem to me that it would be rather unfair to ask him to disclose the identity of those people who have not asked or even authorized him to come to this committee. He has not completed his study for them, nor has he even submitted it to them; but, obviously, like everybody else who does any kind of research, he comes to conclusions,

has some ideas, and the time to submit them to the committee is now and not 2 or 3 weeks from now, after we have taken action on the bill.

I asked him to come up here. If there is anything wrong with that, I want to take the responsibility, Mr. Mayne. I do not see what there is wrong in a man giving us his ideas. We do not have to accept them. I do not accept them 100 percent by any manner of means, but I do think that they are interesting and I thought we should have them.

Mr. MAYNE. Excuse me. May I respond, Mr. Chairman?

The CHAIRMAN. Yes, certainly.

Mr. MAYNE. My questioning this witness arises from the fact that Mr. Findley this morning encouraged this committee to make a special effort to call witnesses who are completely free of vested interests in the continuation of the program, and I think it is appropriate to inquire of the witness who it is he represents and whether he is in the class of these vested interests.

The CHAIRMAN. You have the right to ask him anything that you want to ask. And you may continue, if you want to. I think I explained that I had asked the gentleman to come up here. He did tell me that he had not completed his work and that he had not submitted it to his clients and he did not feel that he should come here representing anybody; and it would seem to me that a man has a perfect right to withhold the names of those people who have not asked him to come up here. I do not think that he should be put in the embarrassing position of sort of holding them up as his sponsors when, as he said, they have not approved what he has suggested. He is not presenting it for them. He is presenting it because his studies led him to believe that here is a possible way out; and I assume that when he reports to them his report will cover this, and possibly more. I do not want to preclude you from asking any questions about Public Law 480 that you want to ask, Mr. Mayne.

Mr. MAYNE. Of course, Mr. Chairman, I readily recognize that you are much more familiar in this area, apparently with this witness, than I am. All I know is that he is Robert G. Lewis, Washington, D.C., and I think that I would like to know more about him.

I would like to know who you generally represent? Who are your clients?

The CHAIRMAN. I wonder if it is appropriate to ask anybody who comes here about their relations which are not related to our hearing? I do not think it is hardly proper—to ask all of the witnesses who their clients are, regardless of whether they have to do with what you are talking about or not. He has pointed out, and I think very properly, that his clients are not aware of this, have not been presented with this, have not approved this, and have not authorized him to come here and represent them. It seems to me sort of like asking you, as a lawyer representing a bank, to give us a list of all of your divorce clients. And I certainly would not ask you to do that.

Mr. MAYNE. Then, I will limit the question and ask you which, if any, of your clients do you think will have a vested interest in the continuation of this program?

Mr. LEWIS. I think, sir, that all of my clients who are involved in commissioning me to make this study do have a vested interest.

Mr. MAYNE. Who are the clients who have commissioned you to make this study?

Mr. LEWIS. Pardon?

Mr. MAYNE. Who are the clients who have commissioned you to make this study?

Mr. LEWIS. Mr. Mayne, I will be glad to furnish you with the names of my clients after they have had a chance to review my reports, and are ready to tell you at that time whether they are for it or not, whether they agree with it or not. My only purpose in withholding the names of my clients at this time is that I do not wish to compromise their freedom to accept or reject my recommendations in any way. I do not want to claim or to insinuate that someone is supporting these recommendations before they have had a chance to decide that for themselves.

Mr. MAYNE. You say that they commissioned you to make a study?

Mr. LEWIS. Yes, sir; they did.

Mr. MAYNE. I think that my question is entirely proper, then:

The CHAIRMAN. The Chair will hold that your question is entirely out of order, because he is not here representing anyone. He has told you that. As soon as he can, he will tell you which of his clients will endorse his suggestions, but to tell you now and to give you a list of his clients would seem to indicate that they were endorsing his statements which they have not seen.

I do not know what your purpose is in trying to harass the witness, and while I want you to have every opportunity to get any background information that you need, I cannot sustain an effort to simply embarrass the witness. We are trying to get some possible solution to this program, and if this man has any knowledge of the subject which might guide us, I think we should have it. It does not seem to me that he ought to disclose all of his clients. I just believe that a lawyer has a perfect right to refuse to divulge the names of his clients until he has some authority to do so. I think that this is asking him to violate his relationship.

Mr. MAYNE. Is Mr. Lewis a lawyer?

Mr. LEWIS. No; I am an economist.

The CHAIRMAN. Whether he is a lawyer or a public relations man, or whatever he is, he has a right to not have a client associated with something that the client does not know anything about.

Any witness that comes before us has some friends somewhere. There is not a witness in the world that we bring up here but what you can embarrass exactly in the same manner, and I do not think that we should.

It seems to me that you can proceed otherwise.

Mr. MAYNE. Mr. Chairman, could I make one brief statement?

The CHAIRMAN. Certainly.

Mr. MAYNE. It seems to me that the record shows that the testimony, or rather, the study on which this witness' testimony this morning is based has been paid for or is being paid for under an agreement with certain clients.

The CHAIRMAN. I understand the testimony to be exactly the contrary; that the testimony that the man is presenting has never been seen by his clients and that they have not paid him for this testimony—they paid him to prepare a study which he has not completed, but that, in connection with these studies, he has come to certain conclusions, as an individual. He suggests that here is a probable way in which we

may save the United States some dollars, and he submits that to us without having submitted it to his clients. I don't feel that his clients should be bound by his admissions here this morning, and that is all I understand that he is asking, that his clients not be bound, because the clients have not paid him to come here, have not authorized him to come here, have not suggested that he should come before us, and do not know anything about his coming before us, and because of that lack of knowledge on their part, he feels that he ought to have the opportunity to let them say whether they favor or oppose this thing. And he is perfectly willing to give their names as soon as he has had an opportunity to obtain an expression from his clients as to their feelings about this matter. It is the very fact that the clients have not sent him—that is the very reason that he is objecting to giving you their names.

Mr. MAYNE. Mr. Chairman, I made my statement that they were going to pay for it. The witness affirmed that the statement was correct; is that not true?

Mr. LEWIS. I do not recall the statement.

Mr. MAYNE. Could we have the reporter read my last statement back?

May I ask that the reporter read my last statement to which the witness answered?

The CHAIRMAN. The reporter may do so.

The REPORTER. I do not know which statement you mean.

Mr. MAYNE. I will try to restate it again. I believe that the record, as shown by the testimony of this witness, is that his testimony this morning is based on a study which was commissioned by some of his clients who had already paid him for it or were under an agreement with him to pay him for that study. Is that not correct?

Mr. LEWIS. What I have reported here is based on my long-term observations and continuous studies and the study which I now have underway.

Mr. MAYNE. They commissioned you to make that study?

Mr. LEWIS. They commissioned me to make that study.

Mr. MAYNE. They are paying you for it?

Mr. LEWIS. They are paying me for it, and, as I said to you, I have no reluctance whatsoever to reporting the names of my clients who are involved, except that I do not wish to compromise their freedom to make their own decision as to whether they support the conclusions of my study or not. They have not had that opportunity as yet, and I will, at such time as their judgment of my conclusions can be transmitted, as to whether they favor or oppose my recommendations in whole or in part, I will see to it that you get a list of who they are.

Mr. MAYNE. The only additional thing that I have here, Mr. Chairman, is that I, for one, will not pay any attention to the testimony of this witness until such time as he reveals who he is representing here today.

Mr. LEWIS. I told you, Mr. Mayne, I am representing—and purport to represent—no one but myself.

The CHAIRMAN. The gentleman will pay no attention to the testimony.

Yes, Mr. Zwach. I believe that Mr. Price has been trying to get recognition for some time.

Mr. PRICE. I find this a very interesting statement, Mr. Lewis. And I think an example that might be worthy of study is: When I was in

Vietnam recently I saw the effect of putting these people to work in building our bases and building the unloading facilities and what it did to the economy. And to me it was an example of just what you are talking about, putting money in these people's hands, to give them buying power to buy this food, but, on the other hand, on this side of the production part of it, you are talking about the supply and the demand bringing the price that the farmer will receive up, but in the bills that we have before us now, I do not think that the Department of Agriculture wants any kind of a shortage which would bring the price of the products up. They are talking about tremendous reserves now, so that this would not occur. I concur with you that the only way that the prices of farm products are going to rise is through a shortage.

Mr. LEWIS. Mr. Price, this is not a simple matter, and it is not a question that can be resolved with or without this proposal exclusively, but I do believe that, in general, farmers' prices and incomes will be better if the demand is stronger than if it is weaker.

Mr. PRICE. I agree with you.

Mr. LEWIS. As a general rule, that is true. I believe, also, that we need to have adequate reserves and that those reserves need to be managed in such a way as not to depress the farmers' prices and income, but there are many things that need to be done that go far beyond the import of this particular proposal that relate to that question.

Mr. PRICE. As you say, it is an intricate kind of thing. We have a tremendous lot of these reserves, and to have a shortage it would create an upsurge of the price.

Mr. LEWIS. I think that depends on how the reserve is managed. Nevertheless, I think it is a general rule that at any given time, prices will be stronger if demand is stronger than if it is weaker.

Mr. PRICE. I agree. Thank you.

That is all, Mr. Chairman.

The CHAIRMAN. Mr. Zwach.

Mr. ZWACH. I would just like to commend the gentleman for his presentation. I think that he enters new dimensions on this overall picture, and, personally, I do not care exactly who is sponsoring his study.

I would like to have the results of it as it develops.

I certainly would appreciate knowing of it, because it is a problem that we are all very concerned with, not only on our own level but at the world level.

Mr. LEWIS. Thank you very much. I will see to it that you have a copy of it.

I hope to have it completed sometime this month.

The CHAIRMAN. Thank you.

Mr. LEWIS. Thank you.

The CHAIRMAN. Are there any further questions?

Mr. Rarick?

Mr. RARICK. I want to thank you, Mr. Lewis. I thank you for a new idea, because this is something strictly revolutionary. I might say this: I represent the people in my district, so I want you to know that I am meeting you full square.

The CHAIRMAN. We cannot hear you at all, Mr. Rarick.

Mr. RARICK. I have a vested interest in this—I am telling the witness—and that I represent the people in my district. We call this food

for peace. I think somewhere back the idea was that poor people would become greater targets for communism than people who have a full stomach. We have food with which we are trying to help these so-called emerging nations, and, in turn, they have our money and yet we are only talking about saving dollars.

As I see the problem, we need to give consideration to trying to get some of these emerging countries to help us in this war in Vietnam to stop Communist aggression. In turn for our food they give us troops and moral support to stop the common enemy. Have you considered this point?

Mr. LEWIS. No; I have not thought of that nor considered it.

Mr. RARICK. This is a different idea, also. You are an economist, and on page 6 of your testimony you give five suggestions on how we could save money; could we not also somewhere start talking about saving some American boys' lives by the use of foreign troops? I say this because I have a vested interest from the people in my district in this matter. I know this is one question that is constantly before them, if we continue to give our foodstuffs away, whether it be called sale or an exchange or on credit, to these same countries, we can say, if you want our food for peace to stop Communist aggression, then you must assist us in the world's battles to contain communism. In this way we could use American food to encourage some of these starving peoples to become friends of ours in a world working together for peace, not merely as creatures eating food for peace, while our boys continue to die defending these same peoples, many of whom not only do not help us but criticize our military efforts in the interest of world peace.

Mr. LEWIS. I believe, Mr. Rarick, that the important, the really central, thing in this matter is jobs, giving people something to do—employment, rather than merely food. Food alone is not enough; I think that it is much better to give people the feeling that they have a future, which will make them want to work, and then to give them a chance to work and to earn their livings.

Mr. RARICK. Of course, but if we put them in the Army we pay them as well as feed them. Our boys in the service are employed, and I hope that we are giving them food, more than food—we are giving them salaries, but, again, we are using our money and our manpower to try to stop Communist aggression. I feel most Americans will agree that military support must be tied in with the food-for-peace program some way. It doesn't make sense that America must give her sons, her food, and her money and receive nothing in return.

The CHAIRMAN. Thank you very much.

I believe that concludes the questioning of this witness.

We have two more witnesses that we have not heard this morning. We will have to come back here this afternoon for that. I do not know what the program is on the floor, as to what time will be most convenient. Unless there is like a rollcall, or something else, on the floor, why, we will meet here at 3 o'clock this afternoon to hear the remaining witnesses.

(Whereupon, at 12:30 p.m., a recess was taken until 3 p.m., this same day.)

## AFTERNOON SESSION

The CHAIRMAN. The committee will come to order.

We are pleased to have with us Mr. David Whatley, attorney, Washington, D.C.

**STATEMENT OF DAVID WHATLEY, ATTORNEY, WASHINGTON, D.C.**

Mr. WHATLEY. Thank you, Mr. Chairman.

It is very gratifying to be back before your committee again.

When I testified before your committee in 1953, we really got into the meat of this.

The 1950 effort was aborted, as you recall. The House passed a very good bill, very similar to the Public Law 480 in its original form. But we had the bad luck of having it defeated in the Senate, because the Korean war intervened, and the Senators thought there would be no longer any surpluses.

Mr. Chairman, I have no prepared statement, but I do have several points I would hope very much to make. You have been very patient hearing me in the years above, and the committee and the Congress has been kind enough to accept several of my suggestions in amending the law.

The law has worked beautifully, it seems to me. I think those, including Mr. Paul Findley and other members, feel very different about the subject matter now—are beginning to be a little wary of good doing, a little different to compassion fatigue, perhaps. But the law has worked beautifully. It has kept many thousand millions of lives from actually being lost through malnutrition, or actual starvation—as you witnessed on your trip to India 2 years ago, and having followed this on a period of two years, you know from official reports that over a million people would have actually starved to death without Public Law 480 and the resolution on famine in India.

Without your support and your good work, and that of the members who have been with you on this over the years, this could not possibly have been accomplished, and if you should not live another day, I think you could rest comfortably and with a great sense of satisfaction for having done the good job for the world.

I congratulate you on it. I wish I had been in such a position to have done half as well.

I want particularly, Mr. Chairman, to call your attention to a book I am sure you have read called "Famine 1975." I had hoped Mr. Findley in his remarks this morning would make reference to this, because last year he was so exceedingly interested in this matter that he bought 25 copies, distributed it to the members of his new committee, the House Committee on Foreign Affairs, and succeeded in getting the foreign aid authorization bill amended in minor respects to accelerate this war on hunger, particularly by utilizing foreign currencies for these purposes, and to accelerate the birth control effort, which is still very very meager—in spite of the action of the Congress in the past 2 years, the very affirmative, categorical recommendations of the Congress that the program should be accelerated in every way possible, and that we were ready and willing to undertake the financial assistance to the countries that would ask for it—the program is still just getting underway. We are still nibbling at this.

The Congress set aside last year, you recall, Mr. Chairman \$35 million as a minimum amount, earmarked out of the foreign aid appropriations for fiscal year 1968. In spite of this, the Director of AID indicated that he doubted that all of the mere \$35 million could be used in this fiscal year, and made a very ardent effort, particularly in the Senate Appropriations Committee, that the \$35 million be reduced. The Congress refused to reduce the earmarking, and we hope at least \$35 million will be spent on this.

Mr. David Bell, former Administrator of AID, said we also need a great deal more research, particularly by National Institutions of Health. I would ask permission to have inserted the statement by Mr. Bell on this point.

That is one of the things members of this committee can do outside this committee—by prevailing upon the Appropriations Committee to increase the budget estimates in National Institutions of Health for this purpose.

The needs abroad are apparent to anyone like yourself who has studied this intensely, and as Congressman Dole indicated in his report a couple of years ago on the extension of Public Law 480—even if the total amount of increased—the birth rate of India, for instance, reduced in half, the total number of people accruing to the population of India would still be shockingly excessive, and the book, "Famine 1975" says that we have only 7 years, not the 17 as quoted by the U.S. Department of Agriculture, in which to lick this population problem, and the problem of the gap between the number of mouths to feed and the food available.

There are many many good ideas put forth—one of them just this week in an article indicating a new scientific means of providing protein, which is most significant according to Lewis Bean. I would ask permission to have that inserted because of its scientific significance.

The CHAIRMAN. We will file those statements with the record. We will not make them a part of the record.

Mr. WHATLEY. The total subject, Mr. Chairman, is so earth-shaking in its dimensions—not just from a strictly humanitarian standpoint, but from the standpoint of purely pragmatic desire for us to keep, insofar as possible, the system of government that we have been able to maintain these 150-odd years. And without a complete change in the priorities that we are giving to these matters in the next few years, not more than 5 years at the most, for which this bill I think is merely a tooling up process—this whole world as we know it today will not be the same, as you well know. There will be so much revolution, so many riots in these countries that are being decimated. Millions of deaths from starvation—that it is inconceivable that we could live in the same world we now have. The so-called cold war will become really academic at that point.

It seems to me that the Russians and the Chinese will be just sitting back waiting to take over. And whether they take over one particular small country, such as Vietnam, or so forth, would be incidental, and of very minor importance compared to the vast millions, hundreds of millions, that they can take over in such a riot-torn situation.

I would hope very much that you could persuade as many members of this committee to read this book as possible. I wish I had the financial ability to provide them to you free of charge.

I hope in this connection, Mr. Chairman, that you could question the Secretary of Agriculture on this, and also the authors, perhaps in executive session on Friday afternoon, to get at the objective balance truth of this. These two great authors—Dr. William Paddock who lives in the city, and would be available if called, and his brother, who lives in Princeton, N.J.—can make a very effective case. The executive branch are disposed to refute this case, because for psychological reasons they feel it is very damaging to their cause—even to the extension of Public Law 480, which is mandatory.

It cannot be reduced, in my opinion. If the food is not as a matter of fact able to be sent to the hungry places of the world at the moment, it ought to be stored in reserve. It could be stockpiled in places like Pakistan and India.

This tooling up process will be necessary in the next year, it seems to me. And if you cannot get the necessary authorization on monetary matters, I would hope you would extend the law for only 1 year, instead of 3 years, because next year I think the incipient, almost inexorable conditions of famine abroad will be so apparent that the country, I think, might be more likely to go along with an enlargement of this program above the amount we now have. This is something that we can afford—we cannot afford not to do it if we wish to have the same kind of ethnic, ethical and moral values that we have lived under in this country for 150 years, under our form of government that we have been able to maintain despite great adversity, civil war, and foreign wars and so forth.

I would urge you to give this a great deal of thought. And please consider the possibility of setting up a new committee which would be similar in scope and organization and financing to the Joint Committee on General Revenue, which is an excellently operated permanent organization that goes into research in great depth. It seems to me this entire matter needs to be considered in great depth on a permanent basis, because we will be facing this for many many years, in a semipermanent situation. And this is needed of course obviously without respect to the coming famines, for the simple reason that this vast food for peace program needs to be checked on thoroughly from month to month and year to year, more thoroughly than the committees have been able to do thus far, in spite of their willingness to survey this within the possibilities that they have and the limitations of time and personnel.

There are other suggestions as to amendments, but your time is short. It has been a long day for you. I would ask permission to extend my remarks in the record, Mr. Chairman.

The CHAIRMAN. Without objection that will be granted. We are very much obliged to you, Mr. Whatley. I think that you have made an interesting statement—but I think from my standpoint your statement falls short in exactly the same place where the Paddock brothers do.

As I see the weakness of the Paddock book, it is that they apparently paid no attention whatever to the effect of price on the ability to produce agricultural products.

Personally I am convinced that if we are willing to enable farmers to use modern techniques, that we have the techniques that would then enable us to provide all the food, certainly far more than we need here

in the United States, and even the world over, for the foreseeable future.

But of course it cannot be done unless farmers can use those techniques. Obviously in most of the underdeveloped nations of the world it is impossible to use those techniques—impossible simply because there is not any profit in it.

It is perfectly possible to increase food production in India. They have lots of very good land. Most years they have a pretty good climate. I know they had 2 years of drought. Last year they had a harvest of more than a hundred million tons of grains.

I think that if we are willing to give the farmer modern prices, so that he can employ modern techniques, that he can give us modern production and will do so.

I can conceive of no way whereby we can feed the world or even the United States with "40 acres and a mule" or with a couple of buffalo and a sharp stick.

You are going to have to use modern machines, and you are going to have to use insecticides, fertilizers, pesticides, and all of those things.

Don't you feel that there is something lacking in Paddock's book?

Mr. WHATLEY. I thought the book was deficient in certain respects, such as the ones you have mentioned.

I think their objective and motivation was merely to shock the country into doing further research in this field, knowing full well that the entire spectrum of activities in which the U.S. Government and all governments that are prone to have famines, and those that are financially able to help avert this horrible situation will have to do a great deal more than they are now doing. They will have to manufacture vastly larger amounts of insecticides and fertilizers and so forth. There needs to be new approaches to how to utilize private capital on this.

The CHAIRMAN. All it takes to get private capital in is to just give private capital a chance to make a profit, and they will get into it.

Mr. WHATLEY. Mr. Aaron Scheinfeld whose paper was presented to the recent Conference on the War Against Hunger, has made a very interesting, salutary proposal for developing private capital abroad to do this job.

But the vast scope of these activities—which will have to be enhanced if these famines are to be obviated—will require a great deal more push from the executive branch, in the United States, from all of the fat-cat countries of Western Europe that have as much stake in averting this kind of chaos as we do.

So little has been done on this.

Perhaps one means of achieving this would be a simple amendment to this bill which would call upon the President to survey the possibility of proposing to the United Nations at its next General Assembly meeting next winter that at least 10 percent of the military budget of every member Government of the United Nations should be devoted to assisting in grants—not loans—the underdeveloped countries in any means chosen by the United Nations in the war against famine. And I hope this can be called the fight against famine rather than use the word "war," and I hope you see fit to change the title of this bill and program, call it the fight against hunger.

The CHAIRMAN. We all agree the world would be far better off if we did not have any war, and if we could spend all of our resources developing the world rather than in destructive efforts.

But you are certainly not telling this committee that we ought to just run out of the war—

Mr. WHATLEY. No—this is not so quixotic as to repeat what has been said many times before—if we can cut down on our armaments—

The CHAIRMAN. This committee can take judicial knowledge of that fact. You do not have to tell us that. We know if we did not have to spend \$79 billion a year on the Vietnam war, we would have more money at home. We understand that. We also understand if you ran out of that war, it might not be a matter of spending \$79 billion, it might be well a matter of spending \$79 billion in a month fighting a dozen wars over the world.

Mr. WHATLEY. Mr. Chairman, you know over the years I have never found myself in disagreement with you. I think your attention was diverted. I did not propose this. I merely proposed that 10 percent additional be spent each year—that is spent on not defense—be utilized for this purpose. So if it is found in scientific statistical findings, in the report to the United Nations, that if the previous year we had spent \$80 billion, then we would pledge \$8 billion to this program of the fight against famine. This would be in goods and services. And if it could not be utilized effectively, it could be set aside for the coming famines in the next few years in reserve.

The CHAIRMAN. You heard the testimony this morning. You know the objective of this committee—at least the chairman's objective, and I think of other members—of trying to use this program in such a manner that it will help rather than deplete our balance of payments abroad. And I wonder if you could give us any suggestions as to how we can achieve that result.

You have talked this afternoon as if you contemplated just giving these people these additional commodities.

Mr. WHATLEY. If they are purchased or bought in this country—if they are grown in this country, you do not impair the balance of payments, as you well know.

The CHAIRMAN. Well, I do not know that, because I know that under normal conditions if there were no giveaway program, I think it is pretty clear that we would sell more for dollars. Now, that may be harsh, and I am not advocating that we should wipe out the program of helping these countries. I think it is desirable to help them. But I do not know that everything we give away has no effect on our balance of payments. I think it does have an effect on it, because I think oftentimes it reduces the amount of money coming into the United States. And the mere fact that we grew these commodities and shipped them does not mean that it does not have some effect.

Now, I grant you it certainly does not have the same effect as if we bought them somewhere else and gave them to somebody. That would of course have a still greater effect on our balance of payments.

Mr. WHATLEY. Congressman Passman of Louisiana quarrels with this economic theory each year, saying that this does not constitute an impediment—does not constitute an impediment to both our balance of payments and the gold drain.

I think practically no eminent economist would agree with Mr. Passman in that extreme statement.

The CHAIRMAN. I am not suggesting that it adds to the gold drain except to the extent that it reduces our cash markets to some degree. To what degree is, I think, a serious question.

Mr. WHATLEY. I think perhaps a rather small, insignificant amount.

The CHAIRMAN. But then there is the other side of the factor. Couldn't we get some help on our balance if we adopted a program—maybe not the program that was suggested this morning, but that type of program—would that not help us to get some favorable balance of payments? To the extent that we could get these people to make their currency, with which they pay for these commodities, fully convertible, so that we could use it for any purpose.

That would help us reduce the gold drain, would it not?

Mr. WHATLEY. If that would be possible. But, Mr. Chairman, I wonder if we would not have a less-less of an impact on our balance of payments through the normal channels of trade, regular exports for dollars—in view of the fact that under those exports, the international traders, exporters and importers, could very easily, I think, under existing law, stash away a large substantial portion of their profits, whether it is on a borrowed basis or regular commercial basis, in Swiss banks or European banks, and could not be very easily policed, such as the food-for-peace program can.

The food-for-peace program, I think, has been very well administered in this respect. I would agree that the figures in some cases might be exaggerated, but my impression, from the amount of study I have done here on this, is that this is a very minor segment of the total exports under Public Law 480—it has always been.

But these are questions, Mr. Chairman, that ought to be gone into by—in the long term—by this joint committee on the fight against famine.

The CHAIRMAN. Since we do not have a joint committee, and since this committee does have jurisdiction at the moment, and since this is the only court you are going to get in—

Mr. WHATLEY. Unless you would set this up as an amendment to this bill.

The CHAIRMAN. We are going to pass on this bill, and we are going to do it rather promptly. And I just have not understood the reluctance that most of the witnesses—and you are no different from the rest of the group—that come here and tell us that somebody else ought to study this question in depth. That is what we are trying to do now. And yet the witnesses come and tell us that the program should be continued, but they do not make the suggestions, or most of them do not, as to what we should do. They say—you ought to study those details.

We are trying to study those details.

I want to know—and if you have an opinion I would be delighted to have it—if we require as a condition of sale of any of these commodities—in India, for instance—that 50 percent, or some other percentage, of this payment be in unblocked rupees—that is rupees that we could use for any purpose, sell to anybody we please for any purpose, and at any price we wanted to—wouldn't that result in the use of rupees to pay for the \$150 million a year of jute products that we bring in from India.

**Mr. WHATLEY.** Except as you well know, Mr. Chairman, we would merely and simply entail a reduction in their foreign exchange to that extent.

**The CHAIRMAN.** I understand that full well. But I am asking you the first question first. I understand full well what it would do to the Indian economy. But I am asking you what it would do to the American economy first. Wouldn't it add \$150 million a year to the American economy?

**Mr. WHATLEY.** In the same way that you would—I think it would—but it would be very much in opposition to our foreign policy interests.

**The CHAIRMAN.** Now, that may be correct. It may be that it would be foolish to do it. I am not trying to ask that question now. Right there is a place you could improve our balance of trade. Now, sure it would hurt the Indian economy—I understand that.

Then the question is—Is India in such a shape, and is the United States in such a good shape that we can afford this? Or who should take this blow at their balance of trade—which one—where is it best to let this blow fall?

**Mr. WHATLEY.** It is a complex thing.

**The CHAIRMAN.** I know it is. And we are not trying to give you an answer. We are trying to get the answers.

**Mr. WHATLEY.** If India were forced to utilize a certain portion of their foreign currencies to pay for travel costs of United States citizens in India—if it were merely \$100 million a year, it would of course mean they would lose a hundred million dollars worth of foreign exchange which they are now getting under the present system. And of course this is the reason that the executive branch has never substantially implemented the directives of the Congress in this respect, because we just have to increase the foreign aid allocations by a hundred million dollars to India out of the regular foreign aid appropriation, and money for that has gotten so short it cannot possibly go around the way it is desired to.

But every time this subject is raised, I cannot help but remember back in about 1950 the vigorous faith that you maintained over several years in the House to try to persuade the U.S. Government to insist upon our allies sharing the burden of defending Western Europe.

Mr. Poage used to work on that most vigorously, and he worked almost alone. And now it has ended up that most of our loss of gold and deficit in balance of payments is caused primarily by the inordinate number of divisions we have in Western Europe, which most military experts say is vastly excessive. Senator Mansfield, and a majority of the Senators are trying to get the number of divisions drastically reduced, because it is unimportant from a military standpoint.

But these matters, as Mr. Poage remembers in his fight on this subject back in 1948, 1949, 1950—they were very hard to accomplish. When the executive branch is fighting you tooth and nail, when it comes to foreign policy, whether it is making war or preventing war, it is very difficult to get a law changed, and most of the legislation that has emanated out of the Congress in the past 20 years, I have observed, is actually written in the executive branch rather than the Congress.

But in this instance, in the field of the fight against famine, the executive branch is not taking the initiative on this. They are going along half heartedly, asking for an extension of Public Law 480 for

another 3 years. Perhaps 1 year would be better—give us more time to think about it.

This whole effort is going to have to be vastly enlarged, and a mere 3-year extension of the amounts that we have now in my opinion is vastly inadequate, even for the tooling up process, and building up the reserves that will inexorably come in the next few years.

The CHAIRMAN. Thank you.

Mr. TEAGUE. Just one question, Mr. Whatley.

I was delayed getting here. Perhaps you have answered this question. If so, I will ask that it be stricken from the record.

Are you here just as an interested individual, or are you representing some client—a client or some clients?

Mr. WHATLEY. No. If the chairman will permit me—I would submit an affidavit on this. There is always that question—particularly among members of the committee who do not know that I have worked in this field since 1950, and in humanitarian cases since 1937. My totaling, which I would include in the affidavit, Mr. Chairman, is less than \$2,000 in 30 years of humanitarian service.

Mr. TEAGUE. As far as I am concerned it is not necessary that you submit any affidavit. I was just interested.

Mr. WHATLEY. I know. But I would just ask the permission.

Mr. TEAGUE. Thank you.

Mr. O'NEAL. Mr. Whatley, I was interested in your suggestion that this country propose to the United Nations that all member nations be required to contribute—did you say 10 percent of their military budget?

Mr. WHATLEY. Yes.

Mr. O'NEAL. Well, what crossed my mind when I heard your proposal was—I understand that we are having trouble even getting the member nations to pay their dues.

Mr. WHATLEY. That is true—because these are for controversial questions that—

Mr. O'NEAL. How would you enforce—

Mr. WHATLEY (continuing). That the number of countries did not agree with. They opposed it in the Security Council, and they found the Security Council was acting against its true jurisdiction. And they, therefore, felt no moral or legal obligation to continue to pay dues for these purposes.

Mr. O'NEAL. How would you enforce such a requirement on the member nations?

Mr. WHATLEY. This would be a different proposition which would be universally accepted, I think. And this would bring in dues, I think, from even some of the small countries that are now delinquent in their dues. There are so many small countries that are delinquent.

I think the power of public opinion, the opinion of mankind would in such a venture virtually force them to do this.

Mr. O'NEAL. Well, I cannot share your optimism about that.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. O'Neal.

Any other questions of Mr. Whatley?

If there are no further questions, we are very much obliged to you, Mr. Whatley.

The older members of this committee all know that Mr. Whatley has

spent a great many years working on various humanitarian projects that he felt were for the good of the country and the world. He is an attorney. I think we would take judicial knowledge of the fact that he is here representing his own views rather than those of any clients, in connection with this kind of work, because he has been doing it for a great many years.

**Mr. GATHINGS.** Mr. Chairman, I would like to add, too—some suggestions that Mr. Whatley has made have been written into law. He has made some real contributions over the years.

**Mr. WHATLEY.** I won't be appearing before your committee again this year, Mr. Gathings, but I will miss very much the sight of Mr. Gathings. He has been a real source of strength of the Lord's work.

**The CHAIRMAN.** We are all sorry to see him leave. Thank you, Mr. Whatley.

Now, I believe Dr. John Lewis is with us. We will be delighted to hear from you, Dr. Lewis.

#### **STATEMENT OF JOHN LEWIS, MISSION DIRECTOR, INDIA AGENCY FOR INTERNATIONAL DEVELOPMENT**

**Mr. LEWIS.** Thank you very much.

My name is John Lewis. I am Director of the U.S. AID Mission in India. I am very happy to have this opportunity to testify in connection with your consideration of the extension of P.L. 480 legislation. I should say, Mr. Chairman, that I am not here as a major spokesman for the administration. I believe that they will be winding up—Secretary Freeman and Mr. Gaud and Mr. Solomon of the State Department on Friday.

I am here to tell you a bit about the food and population battle in India, how it is going, because it bears so importantly on this legislation.

Mr. Chairman, I just got in from India the night before last, and I do not have a prepared statement. I would be glad to talk for a few minutes about that subject, if you would like.

**The CHAIRMAN.** We would be glad to hear you.

**Mr. LEWIS.** All right, sir.

I think there are two relations, really, between Public Law 480—and I am thinking here primarily of title I—and the food production situation in India. The long-standing relation has been that Public Law 480 has made up for the shortages in Indian agricultural production. The Indian production record is not as bad as it sometimes has been characterized.

Since 1950, until 1965, let us say, they made an average growth per year of something like 2½ percent in their food production. And that was against a standing start. There apparently had been no growth for two or three decades before then. In some times and places in history that would have been quite a good achievement. The trouble was it was not enough—because of the growth in population, which almost exactly paralleled the annual growth in food, and because of the slow growth in incomes per capita, the demand kept getting out in front of supply, and this gap was filled by Public Law 480.

Sometimes it has been argued, perhaps it was overfilled—that we served to dampen agricultural incentives in India. But be that as it may, it seems to me that the lack of Public Law 480 in the period from

the middle fifties on would have brought the whole Indian development experiment to a halt. I mean by that this is a rather unique development experiment in India. It is an attempt to change things radically, economically achieve a good deal of expansion and income, by thoroughly constitutional, democratic means. And one thing that is—one economic fact that is—politically explosive there is sharply rising food prices in the cities.

I think that Indian democracy would possibly have been disrupted beyond repair by untrammeled food price increases for urban consumers if it had not been for Public Law 480.

But at any rate, a second relationship between Public Law 480 and Indian food production has been added in recent years, and most specifically and explicitly since the new legislation of 1966. This is a direct linkage between our provision of food assistance and the character and vigor of the agricultural expansion program that the Indians are pursuing.

Now, the current news from India about agriculture, as I am sure you all are in some degree aware, is very good—it is very heartening.

I think that the crop that is coming in this year is going to be by all odds a record crop. The previous annual high was in 1964-65, when they had 88 million tons of food and grains production. It looks as though this year the crop will fall in the range of 95 to 100 million. I think the Food Minister about 10 days ago mentioned 100 million tons as a prediction for the crop—a revised forecast. And this would suggest in this 3-year period, from one high to another, an increase of something like 12 million tons.

If you compare a 100 million ton crop with what was there the year before, which was 76 million tons, or the year before that, which was 72 million tons, it would exaggerate the pace of expansion. And that is because it would blur together long-run changes with the phenomenon of drought that hit India 2 years ago in a row, back-to-back droughts, very, very severe droughts that amounted to a major national disaster.

The comeback this year is partly, of course, just an improvement in the rain. But since the rains this year are certainly no better than they were in 1964-65, a considerable portion of the gain is attributable to changes in productivity that should be lasting.

This is not at all surprising to those of us who have been following Indian agricultural affairs for awhile, because it has been quite clear that for 2 or 3 years there has been a veritable revolution underway in India in agriculture. They call it the new agricultural strategy. It has been encouraged by aspects of our assistance program—like the self-help features in the Public Law 480 legislation. It has been, however, rooted in some diagnosis and changes of policy that the Indians did on their own.

The new strategy includes, I think perhaps most fundamentally, a new concept of the Indian cultivator. He is now recognized as being a fairly shrewd fellow, and one who is activated by incentives.

Along with that, the Indians have discovered the importance of incentive prices. They discovered this, I think, beginning in 1963-64. They now have committed themselves firmly to an incentive price support program, and are proceeding to enforce it.

It is quite evident as the new big crop comes in this year, that they are enforcing it. They put quite high procurement prices, and they are administering them as real support prices—that is to say, they will take any and all commodities that come to the market at that price.

The reliance on incentives has, along with it, brought a great new emphasis on inputs. Tremendous increases in the supply of fertilizer—in the first instance enormous increases in fertilizer imports—and then an effective push to increase fertilizer production, especially in private sector plants with foreign private investment. This effort to recruit plants has proceeded very well.

The inputs have been built very much around a range of new high-yielding variety seeds that have been available, have become available, almost across the whole spectrum of food grains from the maize and the millets, to wheat and rice. These seeds, by the way, have been available partly because of help from outside sources, including the Rockefeller Foundation and the International Rice Research Institute of the Philippines. They also have been greatly fortified by the development of new seeds by some good and increasingly effective applied research the Indians have been doing. A number of the improved varieties now being used are ones that have been developed in India.

The rest of the inputs have been falling into line.

The water is being attacked much more effectively as a necessary requirement. Some of the larger irrigation projects are now being pressed toward completion. The most important thing, however, I think, is that private tube well drilling has become popular and profitable, and has been going forward at a great pace. At least 30,000 tube wells were dug in north India during the course of the last fiscal year. I would assume that the same or a larger number are coming along this year. Those tube wells are now becoming a matter of concern. The getting of electrical connections for them is being pressed with urgency.

In the rest of the inputs—equipment, machinery, tractors—these things are all becoming increasingly sought after, and the Government of India is, I think, increasingly taking sensible steps to bring up supplies, particularly on the private sector side.

So that there is a revolution in agriculture. It has started. Its results are now visible.

Mr. Chairman, we enormously enjoyed and benefited from your own visit 15 months ago, with Congressman Dole. I think if you come back today you would see even in that space of time a significant change.

I was up in the Punjab just about 10 days ago. The wheat crop in the Punjab is unprecedentedly good, and it stretches across the State of Uttar Pradesh, the largest State in the country, and even to Bihar, where the Food Minister was quoted as saying it begins to look like the Punjab. The new high-yielding wheat was to have been extended to 3½ million acres this season. Actually they have extended it to 8 million acres already, which is the target they had for 1970-71.

All of the acreage in high-yielding varieties in both the Punjab and Uttar Pradesh this year, the average use of nitrogen fertilizer is in excess of 40 pounds. I suppose that would mean if you take the conventional fertilizer, something like 200 pounds an acre of the composite fertilizers.

This is an almost unbelievable change from even 3 or 4 years ago, when probably average use was only a fifth or maybe a tenth of that amount.

Now, I do not mean to suggest that the agricultural problem is licked by any means in India. It is just that a rather decisive start, we think, has been made.

The new strategy, the new technology in modern methods of agriculture has reached a minority of the farmers. It has reached, I think, enough so that it is going to continue to spread. The fact that there are many more to be reached means that the outlook for continued expansion is rather good for some years to come. This is not to say that India is going to be self-supporting in food tomorrow. They have a target of becoming self-supporting by the first year of the seventies. I think personally that is too ambitious. I think it will be some time in the early seventies, very possibly.

But meanwhile, they, having started from a major deficit position, have quite a gap to close.

They also recognize their need for developing some kind of minimum working stock in order to run a more sensible food pricing and distribution system, one that relies more on market forces, one that is more free.

They have set themselves, as you know, a goal for this year of building in government hands 3 million tons of such working stocks, along on top of their regular pipeline requirements. This we think is a very essential kind of investment for them. It is an investment almost analogous to that in a fertilizer plant. And of course any estimates of the end of the need for Public Law 480, Title I, in the traditional sense would have to abstract from vagaries in the weather that still can certainly afflict them as it did the year before last and last year.

Nevertheless, this is a very encouraging picture. It is one of self-help in action, we think. It is one where the self-help features of the 1966 legislation have been marshalled to very good effect.

I might just say one more thing, Mr. Chairman, about this agriculture revolution.

There is very much a political revolution underlying this. Farmers have become politically important in the last two or three years in India in a way they never were before. They get to see ministers much more readily, and officials. Agriculture's representation in the high councils of government is much more effective. Indeed, Indian newspapers have gotten to talk rather freely about the emergence of a farmers' lobby, and I think in a very constructive way.

This is ultimately what gives us confidence that the maintenance of incentive prices for farmers is going to exist.

Mr. Chairman, I think perhaps I have talked as much as I should. I have not touched on the other side of the population problem—the efforts that are also going forward with respect to population control, a policy of the government of India for I guess the last 16 years, but one that has gotten a new lease on life only—also within the last 2 or 3 years—from about the middle of 1965.

Here the problem is more difficult, but there has been an enormous increase in the commitment of leadership, both administrative and political—a very, very big increase in the commitment of money—and a set of programs that have greatly increased the rate of what the

technicians call birth preventions—but one that has not yet added up to a sufficient pace to reach the targets that the Indians have set for themselves.

This is still rather early in this complicated effort, and I see no reason to think that further kinds of effectiveness will not be tried.

I have not said anything about the title II programs, of which we are very proud, and I know you are very proud—especially the work of the voluntary agencies. These did an enormously good job in Bihar during the drought. In fact, title I and title II together made much of the difference in Bihar between what could have been a rather ghastly disaster in terms of death, and one that was remarkably well contained.

Perhaps the greatest credit for this goes to some very effective administration on the part of the Indian Government, and even the State Government of Bihar.

But Ministers of the Indian Government including the Food Minister, and I think the ex-Food Minister when he was here recently, and others, have expressed their gratitude to the United States. I think probably no body in the world is more specifically responsible for the response we made to that Bihar situation than this committee. I wish, therefore, that you rather than I had heard the statement of the Chief Minister in Bihar when I was there last June—it was really a very extraordinarily warm and touching expression of gratitude for both the title I and the title II programs.

In title II, as some other testimony presented to you has indicated, we have been shifting towards, again, self-help development uses, under the auspices of voluntary agencies, and have a number of grass roots rural works and development projects now going that show a good deal of vitality. These are improving the ability of particular groups of Indian peasants to make their own way, and to support such things as child feeding programs out of their own resources.

I would be very happy, Mr. Chairman, to answer any questions.

The CHAIRMAN. Well, Dr. Lewis, we are pleased to have you with us. We know—at least I know of, and I am sure the other members of the committee know of your work in India. We are glad to have a report of what is going on over there. Of course, it is the largest of our 480 activities.

I wanted just to get it clear, because it is so often a question—about the relative efficiency of production in cotton and of food grains in India, cereal grains, as compared with United States productivity.

I understand that India has something like a 19 or 20 percent efficiency rate in cotton production as compared with the United States. That is about right, isn't it? That is, they produce only 18 or 19 percent as much cotton per acre as we produce, isn't that right?

Mr. LEWIS. I think that is right, Mr. Chairman. I trust your figures on that.

The CHAIRMAN. We produce approximately 550 pounds per acre. They produce less than a hundred.

Now, as to wheat, I understand their production is about 45 percent as efficient as the United States. Is that about right?

Mr. LEWIS. I should think—what you might call an average of the better farms—but before these high yielding varieties, yes, I think that would be about right.

The CHAIRMAN. The only point I am making is that it has long seemed to me that India was devoting a good deal of effort to the less efficient crops, and probably not enough to their more efficient crops.

Now, they have, of course, benefited greatly by improved varieties, by use of fertilizers, they have benefited by the use of insecticides, although I do not think that the percentage there has been as spectacular as it has been in the United States, the use of pesticides and insecticides. Is that probably right?

Mr. LEWIS. I am sure the percentage is not as great as here. Of course it is not as great yet in fertilizer.

Pesticides have been expanding in supply at the rate of about 25 percent per year which is a good growth rate.

The CHAIRMAN. Now, another thing of which I am not at all sure, and I would like to have enlightenment. It has been reported to me, within the last 2 years, that the price of wheat has moved up considerably in India. I know that you pointed out that there are supplies that help to hold the price more or less stable. But it is true, is it not, that the price of wheat is now considerably higher in India than it was, say 2 years ago?

Mr. LEWIS. Yes, sir, and very much higher than it was 3 or 4 years ago.

The price of wheat, I think, peaked probably last fall, and it has been settling down some since.

The CHAIRMAN. That would naturally follow from the large crop that they grew this year?

Mr. LEWIS. That is right.

The CHAIRMAN. Now, doesn't the very fact that the price of wheat is now substantially better than it was—doesn't that tend to give them greater and more efficient production of wheat?

Mr. LEWIS. Yes, sir; I believe it does.

The CHAIRMAN. Without an increase in the price of wheat from what it was 3 years ago, let us say, it would have been impossible to have had the increase that they have had in the use of fertilizer, would it not?

Mr. LEWIS. I think you are absolutely right, in fact, it was not until the price spread between food grains and fertilizer widened out in 1963-64 that fertilizer demand really began to move. Then it took off like a bird, and it has been flying ever since.

The CHAIRMAN. I think that is the history of all the world—that unless you are getting enough for the products of the soil, you cannot increase the production of that land. And I would just like to nail that down everywhere I can.

I think that it seems to be quite clear that in a good many of the developing countries the authorities have felt, just as we do here in the United States oftentimes, that it was good politics to try to keep the price of the basic food items, particularly cereals, as low as possible in order to satisfy the large number of consumers. That has been the philosophy in a great many, and is the philosophy in a great many of our developing countries now, as I understand it.

To me that is a self-defeating policy, because as you keep that price down, you induce the incentive and the ability of the domestic farmers to provide food, and the result is, as I see it, in almost every case, that there is less of the food, not more, at home, and the country must

either use its foreign exchange for something that it ought to produce at home, or it must exist on charity.

Isn't that a pretty fair statement?

Mr. LEWIS. Well, sir; it is an exactly fair statement for India. There certainly was a strong political bias towards holding down prices, and this, I think, characterized the situation up, as I say, until about 1963-4, when there was, as it were, an inadvertent price rise—not one that was intended. It had this almost explosive effect in kindling the demand for fertilizer. And it helped to make the Indian Government and officials take a new look at the whole matter of incentives.

There is now very strongly dominant just the view that you express—that the prices for farmers must be kept attractive. And this is fortified, as I was saying, by this rather strong emergence of political power in the hands of farmers.

The CHAIRMAN. Mr. O'Neal.

Mr. O'NEAL. When will this bumper crop be harvested?

Mr. LEWIS. It comes mainly in two bunches. The karif crop is the crop that is planted in the summer or late spring, and harvested in the autumn, and that is when the rice is largely harvested and millets, and maize grown around the calendar—corn. The wheat is all a rabi crop, a winter crop, and it is harvested from, say, late March until early May, depending upon the area.

Mr. O'NEAL. This is the one you are so optimistic about.

Mr. LEWIS. Both of them. The karif crop was excellent. It was probably in the range of about 67 million tons. And the rabi crop, relatively speaking, looks even a little better.

Mr. O'NEAL. I just wonder how you could be optimistic about the one that was not planted yet.

Mr. LEWIS. The two crops are the—

Mr. O'NEAL. The one harvested last fall is counted in 1968.

Mr. LEWIS. It is carried in 1967-68.

Mr. O'NEAL. I see. Thank you.

The CHAIRMAN. Are there other questions of Dr. Lewis?

Mr. GATHINGS. Mr. Chairman—Dr. Lewis, I have found that extemporaneous statements are more effective than if you had dictated your statement. It would have been less effective, I think had you read your testimony. But you have given us a real fine picture of the situation in India.

I was quite impressed with your overall statement. But now with respect to the population explosion phase of your testimony. I did not hear some of your comments, and I did not quite get the full significance of what is being done in the area of family planning.

I realize that it takes time in a matter of this kind. It cannot be done overnight. It takes years to do it.

But I take it from what you said, Dr. Lewis, that they are moving forward in trying to solve this problem, is that correct?

Mr. LEWIS. Yes, sir, they certainly are moving forward. They have committed much more in the way of leadership and administrative resources, and much more money, and they have a much more elaborate, if you will, strategy than was the case a few years ago.

It is what they call the cafeteria approach.

Mr. GATHINGS. How does that work?

**Mr. LEWIS.** All kinds of devices and techniques are offered. They are not trying to put all their eggs in one basket. They are trying to distribute conventional contraceptives, and indeed they are going to be engaging in a rather remarkably vigorous commercial distribution, subsidized commercial distribution, of conventional contraceptives very shortly. They also are using the IUD's the so-called loops. They are using vasectomies—voluntary sterilizations—they are the world's leader in that respect. And they are beginning to experiment now, in a rather large way, with the pill, the oral contraceptive.

All of these things are being tried. So far, if you add up all the results, they still do not total the rate of impact that is needed to make good their goals. But they are very aware of this, and they are trying to improve the effectiveness of each technique, and also looking for new ones. They recognize there may need to be some further research, further technology, before they can make the grade that they have set for themselves.

But it is certainly a vigorous program. It is well led, and it is such an enormous change from 3 years ago that one would have to give it high marks.

**Mr. GATHINGS.** Well, now, the act of 1966, Public Law 480 extension in 1966—did it have a salutary effect in this field?

**Mr. LEWIS.** It certainly did.

You remember that section 104(h) provides that local currencies can be used for family planning. In the agreement that we signed in February of 1967, we dedicated 100 million rupees for this purpose, and these are contributing very importantly to their budget.

We have done another very interesting thing you might like to hear about, Mr. Gathings.

One of the problems in India is the problem of bureaucracy. It is true I think in most countries. But it is very hard sometimes, even though you have finances provided in a budget, and all of the policy decisions are made—it is very hard to get the necessary administrative clearances in time to get things done, especially for experimental, new, innovative projects.

And so they have agreed to take a bundle of these 104(h) rupees, and put them in a special fund that is administered by an ad hoc committee of three secretaries, they can skip all the ordinary clearances. They can give quick decisions on innovative projects. And this we find a very very helpful way of getting some new projects going.

So the 1966 legislation has been very helpful indeed.

**Mr. GATHINGS.** That is most enlightening. I appreciate so much your fine testimony to the effect that significant progress is being made with respect to this matter.

**The CHAIRMAN.** Thank you, Mr. Gathings.

Now, Mr. Teague, wanted to ask a couple of questions I believe, and he had to leave. Mr. Murray has the questions. Mr. Murray can ask the questions.

**Mr. MURRAY.** Thank you.

Congressman Teague was particularly interested in the rodent control program being followed in India, and of course the intensification of this program that has been accomplished in the recent 2-year period.

**Mr. LEWIS.** Well, I would say that so far as the rodent problem is concerned, it is recognized, there is a spotlight on it.

The Ministry of Food and Agriculture has organized to give strenuous attention to it. There have been some seminars held that have tried to sort out the scientific dimensions of the problem.

The estimate of total losses that is used by the Government of India, after much cross-examination of the various evidences, is something like 20 percent of the crop goes to food losses of all kinds, including rodents, birds, and insect pests. This is from the field all the way to the final consumer. It is much too high a figure ideally. It is not, however, an outrageous figure compared to the experience in some other countries, and it represents an improvement.

I think that rodent control generally is much more satisfactorily in hand in the case of food that has been harvested, and particularly moved on into the distribution system, where it gets into reasonably decent warehousing, either private or government. Government warehousing, particularly that around the ports, where our Public Law 480 supplies come in, is recognized, I think, by all of the experts as being really quite excellent and the rodent problem is limited in those cases.

Much of the private warehousing in the cities is also pretty good.

Warehousing or storage space as you get back toward the cultivator gets poorer and poorer. That end of it is being worked on by programs to try to make available effective rodent-proof small metal bins and so on for cultivators. Private enterprise is being encouraged to go into that line of business.

Where the problem is still largely unsolved is the field losses.

I believe that that is a part of the problem that worldwide people are finding most difficult.

There have been instances in India where intensive campaigns have made a real dent on field rodents.

I remember I was up in I think probably April of 1966 at the site of the Uttar Pradesh Agriculture University. We have a team from the University of Illinois there, and it is a fine institution. They had fields of wheat, and they were just riddled by the rats.

Now, in one year's time, by massing the efforts of everybody connected with the university farm, and the surrounding farms, which happen to be fairly large ones, and responsive to guidance from the university, they have cut down the rodent losses very radically.

But it does take an all-out effort, and there is some missing technology that would make it easier.

**Mr. MURRAY.** Is rodent control one of the self-help criteria you are trying to enforce?

**Mr. LEWIS:** Yes: it is. The dedication of sufficient effort and resources to this is one of the things that we look at. We think that their progress on the input side is quite good. As far as we can tell, they are making some dent on the output side.

In AID we have one of, I think, the better rodent control specialists from the United States. He was for many years with the Food and Drug Administration, and he was working very closely with the Indians, trying to improve their methods.

**Mr. MURRAY.** How much are they putting in in terms of their resources, into this rodent control activity, in their new scheme, in terms of rupees?

Mr. LEWIS. I don't have that number in mind. I would be glad to get it for you.

Mr. MURRAY. I think it might be interesting to have it. And also how much are we putting in in technical assistance. How many personnel do you have besides this one expert?

Mr. LEWIS. This is the only American on our staff specifically focused on this subject.

I think there are not very many people of this kind available.

Mr. MURRAY. This does not represent any change from 2 years ago, because as I recall we had testimony then there was one man on this problem in India at that time.

Mr. LEWIS. He may have been working part time. We never had a full-time man until last October. It took us about a year to get hold of him and get him on board.

Mr. MURRAY. If you could furnish for the record the amount of rupees and AID funds that have been allocated for this, I think it would be of interest to the committee.

(The information referred to above follows:)

GOVERNMENT OF INDIA AND U.S. BUDGET EXPENDITURES FOR RAT CONTROL

INDIAN FISCAL YEARS (APRIL 1-MARCH 31)

[In thousands]

	1968		1969		1970	
	Rupees	Dollars	Rupees	Dollars	Rupees	Dollars
Government of India direct expenses, cash subsidies, material	3,200	426	10,400	1,383	10,400	1,383
GOI partial and indirect expenses: Staff, State plant protection research	8,704	1,578	8,704	1,578	8,704	1,578
GOI and State: Cooperative investment in rodent-proof storage	9,350	1,320	8,260	1,099	9,000	1,197
Total GOI	21,254	3,324	27,364	4,060	28,104	4,158
AID:						
Staff	122	16	258	34	258	34
Projects	19	2	1,550	206	1,550	206
Ford Foundation	10	1	10	1	10	1
Total United States	151	19	1,818	241	1,818	241
Grand total	21,405	3,343	29,182	4,301	29,922	4,399

Mr. MURRAY. Another question lies in your projections at the time of Indian population growth, both for the immediate 10-year period coming up and by the end of the century, based on current trends and current estimates that are realistic from your standpoint.

Are they going to hit 1.2 billion by the end of this century?

Mr. LEWIS. I do not know. Just a minute—I think I have a figure here.

The particular set of projections I have here in front of me would run nowheres near the end of the century—only to 1974-75, which is the medium term target the Indians are shooting for. This target would try to hold the population to 600 million by 1974-75. If the present rate of population growth were not retarded, population would be somewhat in excess of 650 million by that time.

The same projections begin to involve rather massive differences as you move into the eighties and nineties, but I do not have those figures at hand.

**Mr. MURRAY.** Would you provide those for the record as your best estimate of how population growth in India is going at present rates, and how it would compare with the rates that India anticipates they are going to reach? I know this is a difficult thing to estimate.

**Mr. LEWIS.** Yes. As a technical man, I hate to put my name to projections for the year 2000. But I will provide that; yes, sir.

**Mr. MURRAY.** I think this is important. We are trying to have it in focus as best we can in order to plan the food commitments that are to follow from that, and to correlate it to productivity increases in Indian agriculture, and then see if they really are realistic in their assessment of their population and food equation.

(The information referred to above follows:)

#### INDIA—POPULATION PROJECTIONS

To date neither A.I.D., the Government of India nor the United Nations Advisory Mission on the Family Planning Program in India have projected population growth in India beyond 1991. While both the Government of India and the United Nations team used different assumptions their projections reach similar numerical conclusions. Both projections indicate that the population of India, which exceeded 500 million in 1966, would be around 654 million in 1975 and more than 1,000 million in 1991 if fertility remains unchanged during the period 1966–1991. This projection assumes that the birth rate would rise from 2.5 per cent per annum to 3.0 per cent per annum by 1975. At this rate population doubles in 23 years.

With a moderate decline in fertility from the present 41 per 1,000 to 25 per 1,000 by 1985, the population would increase to over 800 million by 1991 and the growth rate would decrease from 2.5 per cent to 1.6 per cent per annum by 1985.

If the Government of India attains its objective of reducing the birth rate from 41 to 25 per 1,000 by 1975 and the birth rate continued to decline after 1975, the population would be somewhere around 700 million in 1991—300 million less than the projections which assume no family planning program. The growth rate would be less than 1 per cent per annum.

The Government of India, United Nations and A.I.D. recognize that additional work is needed in the field of population projection. Towards this end, A.I.D. is helping the Chembur Demographic Training and Research Institute near Bombay develop capability to include work on a long range population projection.

**Mr. MURRAY.** One of the other questions was on the percentage of U.S. uses—percentage of currencies that are set aside for U.S. uses in the last 2-year period in India.

**Mr. LEWIS.** I think that the United States uses as such were 8 percent in the recent agreements. Yes—in both the agreements of February 20, 1967, and June 24, 1967, they were 8 percent. And I think that is characteristic of the others.

**Mr. MURRAY.** And the balance; what percentage of that is in grant, these last two agreements?

**Mr. LEWIS.** The bigger grant percentage was in last February, February 1967 agreement, where we had 22 percent grant: 10 percent went for the 104(h) that I mentioned, and 12 percent went for 104(f) grants.

In the June 24 agreement there were no grants.

**Mr. MURRAY.** What percentage of that, then, or funds, either one, was used for family planning activities in cooperation with the Indian Government?

**Mr. LEWIS.** Well, the only rupees we have provided thus far are the 104(h), the hundred million rupees I mentioned earlier.

Mr. MURRAY. What is the dollar equivalent of that?

Mr. LEWIS. Multiplied by—well, it is  $13\frac{1}{3}$  million.

Mr. MURRAY. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Murray.

Mr. PURCELL. Mr. Chairman—Dr. Lewis, first let me say, although I had to be in and out of the room part of the time you have been testifying, I am impressed with your testimony and your knowledge. We sometimes make remarks about the State Department, that are not always totally complimentary. I think you appear to be a very good hand over there. I want the record to reflect that you have made a favorable impression on me.

The area I want to question about very briefly is just this.

Is the private sector of American agribusiness, fertilizer people, implement people, or whoever else might be appropriate—are they, in your judgment, fairly active in working in India at this time?

Mr. LEWIS. I think, Judge Purcell, my one sentence answer would be "Yes."

Now, this would be—have to be qualified. They are not as active as I, as a person long interested in Indian development, would like to see them. But I think that under the circumstances, including, difficulties that in the past they have had operating in India, and including attractions in other countries, and indeed the very real attractions in the American market—I think many American firms have shown a very real interest. And furthermore, this has been very clearly on the rise, alongside of this new vitality and profitability in Indian agriculture.

American firms are now in fairly large numbers getting interested in Indian fertilizer production. And of course a large number in fertilizing means really a great deal of capacity, because these are big units, and there are a number of American firms either who have committed already or very close to making serious deals. There are firms working in the tractor and farm implements field, and we hope to see a number more brought in within the next few months. And there are people working in pesticides. There are firms who have been looking into seed production, multiplication, distribution.

I think there is a great opportunity for clusters of American firms complementing each other to work more or less as a team in the agriculture field now, and this is increasingly talked about and planned for.

I think it is quite a healthy outlook.

Mr. PURCELL. The reason I am asking—have you been attending these hearings?

Mr. LEWIS. No, sir: I have not.

Mr. PURCELL. There has been some comment from some members—and this is legitimate I suppose, but I do not agree—that the private sector of our agri-business people are not putting money into these developing countries except in the hope of a greedy direct return for them.

I am of the impression, not merely regarding India but other places—that some of these firms in the United States have gone to quite a lot of expense, hoping eventually to develop markets or develop something they can make some money out of.

Could you make any statement in regard to this?

Are there food supplements going toward development? You have already talked about the fertilizer plants. But I take it that it takes a lot of American money, or money of some kind to build a fertilizer plant, or go into production or distribution of a supplementary food, with quite a long period before any real profit can be realized.

Am I correct in that assumption?

Mr. LEWIS. There is certainly—in the fertilizer plants—a long gestation period. It takes a considerable time to build a plant. The Indian fertilizer market is booming now so that I think as soon as you can get the plant onstream and control your costs it begins to be profitable. Thus the waiting period is not too long.

Generally it seems to me that the healthiest way for American businesses, or any, to come into a country like India, is to come in part seeking profit. This makes it a straightforward, hard-headed operation. And I would not like to, or would not advocate that business ventures be, undertaken purely for welfare purposes.

On the other hand, I can testify, having met a very large number of American businessmen in India, looking at the Indian scene and so on, that their approach is constructive. They see the relation of what they are thinking about to U.S. national interests, and to the opportunities for developing the Indian economy. And I would generally characterize their approach as quite wholesome.

Mr. PURCELL. Assuming that they all have a vested interest in what they are doing there, has it added to your ability to see that India is headed in the direction of having more self-help, and being more productive as a country?

Mr. LEWIS. It certainly has.

The biggest—I come back to fertilizer, just because the quantities of money involved there are so much larger.

Fertilizer, for that reason, bears a special relationship to this whole new agricultural strategy. Indian production has to be raised very radically. And if it had not been for the willingness of foreign firms, especially Americans, to invest it would be impossible for the Indians to be as far along as they are toward these targets.

Mr. PURCELL. I take it that as the person in charge of the U.S. Government phase of working with India, you like and appreciate the development, the money spent and the enterprises that have been brought by U.S. capital and U.S. know-how and U.S. business people to India.

Mr. LEWIS. Most emphatically, yes.

Mr. PURCELL. And have you found the vested interests that the American businessman has in his company a deterrent or a benefit to your efforts in India?

Mr. LEWIS. I think any businessman to be very effective has to have a vested interest in his company and its profits, and, therefore, I am glad that they have that.

Mr. PURCELL. Do you think some of these American businessmen, men representing business firms that have development, and a vested interest in India, might have knowledge that we would benefit from, if we can get them before our committee?

Mr. LEWIS. Yes, indeed; yes, sir.

Mr. PURCELL. One or two other questions.

Now, the thought has gone through my mind that whether or not we—you, I guess, really, individually—could do any more than we are

on cooperating with, say, a chemical company, a leader in fertilizer development, or a pesticide manufacturer. Do you provide, for instance, test plots through counterpart funds or whatever they are whereby an American chemical company trying to develop a spray that we will say is a pesticide—is there a cooperation between you and the Indians and the American company in let's say, of getting test plots in which a company's fertilizer or pesticide or insecticide could be tested under the circumstances that exist there?

Mr. LEWIS. Well, sir, I am not sure that we have just what you are speaking of—test plots. I do not believe there would be any difficulty in an American firm getting test plots allocated from the Government of India. I doubt if it would cost it anything to do that, for testing different preparations.

We cooperate with the American companies in a number of ways, and we deal with them quite closely. The most important assist we have for them is the extended risk guarantee program, where AID is in a position to insure them against all commercial risks on a majority of their investment. This greatly increases the attractiveness of investment for companies, and necessarily brings us into quite an intimate relation with them. In this kind of relation we are interested, along with them, in researching the market, projecting it. And if a question about the effectiveness of a particular product arose of the sort that you suggest, we would certainly be interested in trying to work up that test, help them work it out.

I do not recall offhand just such an instance.

Mr. PURCELL. There is nothing that prohibits you working with an American company and the Indians, and you furnishing some of our rupees for their taking a few acres and trying out their product—there is nothing in the law or in your rules that prohibits you doing that, I take it?

Mr. LEWIS. I think that is right, sir. I would surely expect we could work it out if the case arose.

Mr. PURCELL. I take it you would be anxious to work it out if the companies came to you with this need?

Mr. LEWIS. Yes.

Mr. PURCELL. As far as you know, the Indians would be cooperative toward assigning plots of land?

Mr. LEWIS. Oh, yes. One thought that occurs to me offhand is that it might be very sensibly done in one of the agricultural universities. We have teams working in all seven of the State agricultural universities. And this would be a natural place to do this.

Mr. PURCELL. But as far as you know it is not now being done?

Mr. LEWIS. Not, I think, in just the way you suggest; no. There are plenty experimental demonstration plots—and plenty of experimental work going on. But I am not aware that it is being sponsored by a particular American company. It may be, but I am not aware of it.

Mr. PURCELL. Thank you, sir.

Thank you, Mr. Chairman.

The CHAIRMAN. Any further questions?

If not, we are very much obliged to have had you, Dr. Lewis. We appreciate your attendance.

Now, is Mrs. Durkovic here?

We will be glad to hear from you.

**STATEMENT OF MRS. JOHN DURKOVIC, A HOMEMAKER,  
SILVER SPRING, MD.**

Mrs. DURKOVIC. Mr. Chairman, members of this committee, this is the first time I have ever testified. I am testifying as a homemaker.

My name is Vera Durkovic. I am a mother of three sons and reside in Silver Spring, Md. I represent no consumer groups or producer groups.

I come before you first as a concerned Christian, and then as a concerned citizen and homemaker about the hunger that is so prevalent in the world today. I daresay my concern would be echoed by a vast majority of Christians and citizens and homemakers throughout the Nation.

We ask ourselves, What can we do?

May I impress upon you my plea that the food-for-peace law that you enacted in 1966 be extended for at least 3 years. This would give us an opportunity to continue to pursue some of the splendid suggestions and ideas that were expounded by the expert panelists present at the second International Conference on the War on Hunger—such as self-help, education, technical knowledge, use of fertilizer, population control, increased farm prices, improved program coordination along with our export of free enterprise and food.

As I sat there listening at the conference, I wondered what was holding us back when we seemed to have so many answers to the problem of hunger in the world. All systems pointed to go. However, in my small way, I can see it is a very complex problem to solve. Yet my eyes, along with others, are upon you, the leaders of our Nation, to take this issue off the launching pad, to keep the hope of the world high.

Also, I was surprised to learn that our farmers today are suffering from low prices on their farming products—while food prices have increased considerably. “Modern packaging” was pointed to as one of the reasons. In talking about modern packaging, our puffed rice and puffed wheat has been honeyed up, which I can accept, and now we are packaging low-calorie honeyed puffed rice and puffed wheat. If this kind of packaging causes an increase in prices on cereals, I believe the homemaker would just as soon decide for herself whether or not she wants to sweeten her cereals.

Now, that does not seem to be the total answer.

I find, for myself, that suddenly carrots are selling for 25 cents a pound, and not too long ago they were being sold 2 pounds for 35 cents. The packaging is the same. I wonder who is getting the profit, if not the farmer.

This distresses me.

May I present an idea to go along with the question—“Can an ordinary American help?”

I remember the victory gardens we had during World War II. It was the first time I raised my own vegetables, and it was a thrill. We all combined our efforts, our aims, and resources toward a common goal—to help win the war. And I cannot help but feel that somehow we could alleviate world hunger by producing some of our own vegetables, by having food-for-peace gardens. This would allow the farmer to produce more grain or soybeans instead of vegetables, or use some of the vegetables now for domestic use for export use.

Another thought struck me while attending the War on Hunger Conference, was made by a narrator during a film showing when he said "Jungle growth is useless as food." My question is—has research been exhausted in this area?

Lastly, we, the people of our Nation, need more education on how we can truly solve this problem of world hunger. And I agree with Vice President Humphrey's remark made at the War on Hunger Conference, when he said "Get radio, TV, and newspapers to teach facts."

In closing, I would like to recommend your perusal of Mr. Aaron Sheinfeld's proposal "Build-Sell," which was available at the War on Hunger Conference. I believe it has merit.

Thank you.

The CHAIRMAN. Thank you very much. I appreciate your comments here.

I would want to call attention to the same thing that I have mentioned so often, and that is that if you simply reduce farmers' income, they will not be able to produce more. Merely taking away from farmers is not going to enable them to produce more, because they have to spend money to produce. And if we were all to produce home gardens—and I appreciate what you said there, because I, too, had a victory garden, and I wish that I had one now. But I realize that merely taking the business away from the farmer, the man who depends upon his farm for a living, is not going to solve much of anything, because he is not going to produce more of the things that we might need to ship, because he cannot afford to.

He has to have the opportunity to buy these things that are necessary to produce abundantly, and he does not have it when he is getting less than he got 20 years ago. Agriculture is about the only substantial industry that I know of anywhere that is taking less for its products today than it did 20 years ago. We are getting 10 percent less for farm products than we got 20 long years ago. Yet everything the farmer buys is costing him probably two to three times what he had to pay 20 years ago.

So he has to have some kind of increase in income if he is going to increase his production to feed these less productive people the world over.

Mrs. DURKOVIC. I don't pretend to know the answer. But I wonder why is he getting so much less today?

The CHAIRMAN. The competition is such in our markets that as the distributor of goods seeks to find where he can make his profits, he always finds he can push back on the farmer easier than he can push up on anybody else. That means he can lower prices to the producer more easily than he can lower the wage of the laborer that works in the plant, more easily than he can raise the price to the consumer, and that he can more easily charge the costs of new processing, packaging, preparation, cooking, those sort of things, to the farmer rather than to charge them to the consumer. That has been going on for a good long time. In fact, I think it has been going on ever since Biblical times, as far as I can understand, even back in the days of the Pharaohs—the farmers were the people who got very little, and they have always gotten smaller return than have city people.

Today farm income, the income of the average farmer, is about two-

thirds that of the average nonfarmer. It has been that way. We are struggling to try to change that situation.

I am not one of those who believes that farmers should get all they can squeeze out of the public, but I think they ought to be able to get a fair price, what we call parity price—that is the same relationship between the cost of things that farmers buy and the things they sell, as has existed in the past. We have not been able to retain that relationship. That parity ratio is only 79 percent of what it was 20 years ago. And that includes all the Government payments. Only 74 percent if we leave the Government payments out.

This has been the thing that has concerned this committee probably more than anything else—is the very question you ask—why has this happened, and how can we rectify that situation?

I know there are dozens of different answers that are suggested. I hope we can get an answer.

Are there any questions?

Mr. PURCELL. I would just add to what the chairman said, and point out to the witness that the figures will show, anybody's figures, that the increase in the price of food is about 25 percent in over 20 years to the consumer. And in the same period, clothing and transportation, on a survey as recently as December, in New York City, showed that clothing and transportation increased between 260 and 300 percent during that time. And then, further, I would just point out on a relative basis, today Americans are using between 17 and 18 percent of their consumable money for food, where prices are as low as it has ever been with respect to what people are making. And we are being fed more cheaply than any other country in the world today.

So, of course, we get a little bit concerned when people come in and say the price of food has gone up, and do not seem to give the same credence to the fact that it has increased some—through labor, packaging, transportation, but not to the producer. But we do not hear anybody complain about the price of beer, cigarettes, motorboats, or gasoline. And we think the country needs food worse than any of those things.

Mrs. DURKOVIC. My point was that I thought the farmer was gaining the profit—according to reports he is not.

Mr. PURCELL. We are afraid most people think that, and it just is not so. And that is why we need more missionaries like we would like to make out of you.

The CHAIRMAN. Neither Mr. Purcell nor I intend to be critical of your suggestion. We are glad to have your comments. We simply feel we have an opportunity to present another viewpoint on it.

Mr. PURCELL. And we want to say to you that we want to be just as conscientious as any citizen of the world or of this country, with maybe a little more opportunity than the average person has, because of our opportunity to serve in this Congress. We need the help of others to help us get a better income for these people who are the real heroes of the entire society, I think—the ones who feed you mothers and the babies and the young people of this country, and have them growing bigger and healthier, through being more cheaply fed. But this is not understood, and we want to make you our missionary and disciple to cure the misunderstanding, if you would.

Mrs. DURKOVIC. Thank you. I will do my best to do so.

The CHAIRMAN. We thank you so much, Mrs. Durkovic. We appreciate your attendance.

The committee will stand adjourned until 10 o'clock tomorrow morning, when we will continue.

(Whereupon, at 5 p.m. the committee was recessed, to reconvene at 10 a.m., Thursday, March 7, 1968.)

## EXTENSION OF PUBLIC LAW 480

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THURSDAY, MARCH 7, 1968

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON AGRICULTURE,  
*Washington, D.C.*

The committee met, pursuant to recess, at 10 a.m., in room 1301, Longworth House Office Building, Hon. W. R. Poage (chairman) presiding.

Present: Representatives Poage, Gathings, Abernethy, Purcell, O'Neal, Jones of North Carolina, Dow, Montgomery, Brasco, Rarick, Belcher, Teague of California, May, Dole, Wampler, Goodling, Miller, Burke, Mayne, Zwach, Kleppe, Price, and Myers.

Also present: Christine S. Gallagher, clerk; William C. Black, general counsel; Hyde H. Murray, assistant counsel; and Fowler C. West, assistant staff consultant.

The CHAIRMAN. The committee will please come to order.

We are meeting for further consideration of the possible extension of Public Law 480 and any possible changes or modification of the program, and as we have scheduled for this morning a rather extensive list of witnesses, we will have to move as rapidly as possible.

We have the American Council of Voluntary Agencies for Foreign Service listed as first, and they have a number of representatives here.

I take it, Mr. Confer, that you will make the presentation for the council?

We will be glad to hear from you now.

### STATEMENT OF BERNARD CONFER, CHAIRMAN, AMERICAN COUNCIL OF VOLUNTARY AGENCIES, AND DIRECTOR, LUTHERAN WORLD RELIEF

Mr. CONFER. Thank you, Mr. Chairman.

May I say that I am pleased to have with me members of the member agencies of the American Council. On my far left is the Right Reverend Monsignor Landi, and on my immediate left, Mr. Herbert Katzki of the American Jewish Joint Distribution Committee, and on my right is Mr. James Lambie of CARE. It is true that in the American Council we have a common bond of representative agencies of which we are all members; however, each will speak for his own agency. I am confident that if others of our 44-member agency were here you would find that they would want to say many of the same things that we will say.

My name is Bernard A. Confer. My office is in New York City. I am the executive secretary of Lutheran World Relief, a nonprofit agency which gathers and distributes material relief supplies and engages in

other projects of social service and economic development overseas. Lutheran World Relief is supported by the Lutheran churches in this country with a combined membership that exceeds 8½ million persons. Since its organization in 1945, Lutheran World Relief has shipped to 45 countries commodities valued at more than \$193 million, of which 49.8 percent has been donated by the U.S. Government; 50.2 percent represents gifts from private sources, mostly members of our churches.

Also 20 years ago our Government began its program of making food available to the voluntary agencies for distribution abroad. Lutheran World Relief held then and believes now that the decision of our Government to make food available for hungry people overseas was a right one. Lutheran World Relief, along with other agencies, has participated with appreciation in the development of broader programming overseas. On a number of occasions Lutheran World Relief and related agencies have taken official action to commend the Government for its policy directed to sharing America's resources with those who are in want.

We express the urgent hope that the Congress will see fit to extend Public Law 480. Over the years this law has been an instrument that has enabled the American people to reach out in a beneficial humanitarian way, and in a way representative of the best of the American spirit, to millions of people who have suffered from war, flood, drought, earthquake, and tyranny, and to multitudes of other people who have been hungry through no fault of their own. We have gratefully hailed the proposal made by the President 2 years ago—that the United States give leadership in a "war against hunger," and we urge this effort be pursued even more vigorously. We acknowledge with equal appreciation that numerous Members of the Congress have spoken out forthrightly in favor of measures designed to free mankind from hunger.

Right now, the family of man confronts some crucial and cruelly difficult problems. Already the world's population is in need of more food than is being produced. The specter of starvation looms frighteningly close. For example, the inadequate supply of rice for the nearly 2 billion people in Asia has brought humanity to the edge of a food crisis which, already dangerous, is threatening to become disastrous. The means of increasing production are at hand, but time is short for applying them over a vast land mass plagued by wars, lack of education, and an inhibiting devotion to the past.

I pay tribute to this Committee for its outstanding hearings in February and March, 1966. The record of those hearings includes expert testimony of men and women exceptionally well qualified to speak on needs around the world, on population control and on agricultural production. It has become a valuable reference work used across our country.

Public Law 480 is making an increasing contribution to international development. Both through voluntary agencies and through foreign governments, food has effectively been made available for economic and social development. In 1967 United States-based voluntary agencies, with support from both the private sector and the Government, again increased their own involvement in projects designed to add to agricultural production in hungry nations. Often working with international partners, and regularly through counterpart agen-

cies in recipient countries, voluntary agencies provided resources and technical know-how on a scale never attained before.

Along with others, Lutheran World Relief has dipped deep into its all-too-meager resources for this constructive purpose. It has responded to human cries for help, especially from India, where people threatened with a food shortage last year were not only given nourishment but were aided to build more than 500 wells, irrigation ditches, long stretches of road, hundreds of miles of roads, and other facilities which will enable them to grow and distribute more to eat.

The Holy Scriptures testify to God's call to us to emulate His deep concern for human beings. The churches are striving to respond not only by demonstrating compassion for individual humans but also by fending off the broader social, economic and political consequences which could grow out of widespread famine.

It used to be said that starvation was the silent way of death. In recent years such is no longer the case. Severe food shortages in these days are frequently accompanied by demonstrations, rioting and violence, and could lead to disaster.

In countries of widespread deprivation it is very difficult for stable governments to be maintained. We Americans need to be aware that this is particularly true of democratic governments. Severe and widespread hunger potentially leads to tensions among people, social disruption and acts of desperation.

We of the churches feel a tremendous urgency as we look ahead. For that reason, Lutheran World Relief has welcomed the development of U.S. policy beyond the concept of surplus disposal to one of more substantial use of the agricultural capabilities of our country to meet pressing food needs elsewhere in the world. Sharing American-grown food will be indispensable for years to come. Even more important, and offering the promise of still greater long-term benefits, are foreign aid programs which will assist in limitation of population growth and in economic and social development, particularly food production. Such efforts to "help people to help themselves" should, above all, be intensified.

My agency, the Lutheran World Relief, believes and has repeatedly stated that governments carry primary responsibility for international aid, because only they command the huge financial resources required for the task ahead. Our deep concern is that the United States technical assistance and economic aid programs are tending to become not more, but less, adequate.

In closing, Mr. Chairman, I take opportunity to commend the Congress and the Administration for the research, study, and planning that are being directed to the pressing and the complex problem of food shortages in our world.

**The CHAIRMAN.** Thank you very much, Mr. Confer.

I take it that the only way we can handle this hearing, this morning, with any hope of getting through with the number of witnesses who are here will be to hear all of your witnesses and then have questions of the group, rather than of each individual, because to take up each individual statement—some of the statements being rather long—we would get to a point where we would not have further time to hear other groups and organizations, and it all has to be done within two hours.

Will you introduce the next member of your group, if you care to,

in the order in which you would like to have their statements presented? We will be glad to hear from them.

Mr. CONFER. I think the order of the agenda is fine, and we are perfectly willing to follow any plan that you think is best.

I now introduce Mr. Herbert Katzki of the American Jewish Joint Distribution Committee.

The CHAIRMAN. We are glad to hear from Mr. Katzki now.

**STATEMENT OF HERBERT KATZKI, ASSISTANT EXECUTIVE VICE CHAIRMAN, AMERICAN JEWISH JOINT DISTRIBUTION COMMITTEE, INC., NEW YORK CITY**

Mr. KATZKI. Thank you, Mr. Chairman, and members of the Committee.

I am grateful for the opportunity which is being afforded me to express, in behalf of the agency which I represent, the American Jewish Joint Distribution Committee, our appreciation and thanks for the magnificent assistance which has been given us by the Congress of the United States and the Department of Agriculture through Public Law 480 in bringing aid to the thousands of underprivileged people whom we are serving. At the same time, as spokesman for these inarticulate, faceless, distant people, the poorest of the poor, may I express their gratitude for the generosity and humanitarianism which have led to the adoption of Public Law 480 many years ago and its faithful execution ever since.

Our agency at the present time is the beneficiary of commodities which are being distributed in four countries, Morocco, Tunisia, Iran and Israel. In the first three of these countries our welfare programs are directed mainly toward the assistance of infants and children of school age. However, it does not begin with children; indeed, our services start with prenatal and postnatal care for mothers; and, subsequently, for their infants. Our assistance, provided through indigenous agencies in these countries, takes the form of well-baby clinics and dispensaries, kindergartens, school-lunch programs, canteens, and many other services.

The feeding programs to which I want to confine myself here are supervised by trained nutritionists and our agency supplies fortifying foods so that, in combination with USDA supplies, balanced meals are provided the beneficiaries, free of charge. We train and supervise the kitchen personnel to make certain that the food is well prepared, under sanitary conditions. In the mother and child health clinics and dispensaries mothers of babies are taught the proper methods for preparing food and milk products so that their infants will have a healthy and proper start in life.

Now, all these programs and projects have been made possible because of the basic commodities which have been made available through Public Law 480. In these countries, when our agency initiated its programs, malnutrition among the child population of the communities we serve and the children's sickness associated with malnutrition were widespread. In the schools we found that children were unable to stay awake in their classes and learning was impeded because they were coming to school without having had anything to eat. There was a high rate of infant mortality, in part because babies were not

receiving milk and other infant foods that would give them strength and a fighting chance for survival.

Public Law 480 and the use and distribution of commodities which it made possible have contributed very substantially toward the alleviation of these conditions. Infant mortality has been reduced in a remarkable fashion. Statistics maintained over a number of years show marked improvement in health, height, and weight. Children no longer show the lassitude in the classrooms which empty stomachs formerly caused.

In our feeding and nutrition programs it is only the poor who are the beneficiaries. Home visits as well as experience have shown that, in the preponderance of cases, the meals provided by the AJDC, represent the only decent daily meals the children receive. In these three countries the JDC is feeding approximately 35,000 persons daily through local institutions associated with it. In addition, some 100,000 persons are assisted with Public Law 480 supplies in a program sponsored by the Tunisian Comités de Solidarité under a special program in which AJDC acts as the responsible American voluntary agency.

I said earlier, Mr. Chairman, that our assistance is provided through indigenous agencies. You will be interested to know that local voluntary organizations have made their own, the various types of feeding programs which we started. Local committees have made themselves responsible for the daily operations of these projects. They collect funds to help support them. Parents make token contributions toward the costs where they can. Contributions in the form of commodities are solicited locally. In short, local organizations and communities, encouraged by Public Law 480 assistance have shifted over, to the extent they are able, to a self-help process.

In Israel, our agency contributed to the support of several groups of schools. These schools provide meals and foodstuffs to their students. Public Law 480 commodities play a most important role in the maintenance of these feeding programs. But in addition to that, and more importantly, those commodities represent basic elements in the food given to the inmates of 11 institutions for the aged and handicapped which our agency maintains in that country. Whether it is the schools with their 18,000 students or the 11 institutions with their 3,700 inmates, the Public Law 480 items help make possible the maintenance of elementary standards of care which without such aid could not be preserved.

Any person who has seen the vast improvement in health and all that flows from good health can judge the significance and benefit which Public Law 480 has brought to the thousands of disadvantaged people in our programs who were aided by USDA supplies. If those supplies cease, it is my view that it will not be a case of someone else making up for them. They just will not be there. There would be real danger that the progress thus far achieved in these developing countries will begin to fall away.

It is my opinion, based upon personal field contacts, made during 20 years of work overseas, with hundreds of beneficiaries of Public Law 480 supplies, that a great reservoir of good will toward the people of the United States has been created as a result of that law and its operation. Contact between the American voluntary agencies through which Public Law 480 commodities flow and the beneficiaries is direct and con-

stant. The voluntary agencies are regarded as helpers on a people-to-people basis. The support the agencies bring is still needed greatly. Public Law 480 is an essential element in that support. The beneficiaries know from whence their help is coming. Our agency strongly urges the extension of Public Law 480.

Thank you.

The CHAIRMAN. Thank you, Mr. Katzki.

Mr. CONFER. Mr. Chairman, I am pleased to note that Mr. Katzki and our next speaker have both had extensive overseas experience before assuming posts of direction in their headquarters' offices.

Now, I am glad to call my colleague who is a fellow officer of the American Council of Voluntary Agencies and here representing the Catholic Relief Services, Monsignor Landi.

The CHAIRMAN. We will be glad to hear from you now, Monsignor Landi.

#### **STATEMENT OF MSGR. ANDREW LANDI, CATHOLIC RELIEF SERVICES, U.S. CATHOLIC CONFERENCE**

Monsignor LANDI. Mr. Chairman and members of the committee. I have a prepared statement here which I would like to submit for your consideration for the record, and due to the limitation of time, if you will permit me, I would just like to read three or four paragraphs from the statement.

The CHAIRMAN. Without objection, your entire statement will be made a part of the record, with the addition of your oral changes.

Monsignor LANDI. My name is Monsignor Andrew P. Landi. I am assistant executive director of Catholic Relief Services—U.S. Catholic Conference. I am representing Bishop Edward E. Swanstrom, who regrettably could not be here today, and I am empowered to speak on behalf of the official overseas assistance agency of the Catholic Church in America.

Mr. Chairman, as the members of your committee know, year after year Catholic Relief Services has been among the ardent supporters of Public Law 480 and all that it has meant to the farmers of the United States, to the national economy, and to the needy of the less-developed areas overseas and through them to the welfare and stability of the entire world. Our position remains the same today. In fact, it can be said that we believe more than ever in the responsibility of the Government and the citizens of the United States have to share the benefits of their skills and good fortune with the economically or intellectually deprived of other countries.

As one who has spent almost the last quarter of a century in the active administration of a program of foreign aid overseas, I feel deeply that the continuance of the enormous contribution which the agricultural sector makes to our overall foreign aid program should remain undiminished.

As Chairman Poage has indicated, times and conditions have changed since Public Law 480 was first passed by the Congress of the United States. Thankfully, there has been a dramatic increase in some areas of the world in the economic viability of some countries, due not in least part to the impact of American assistance. In far too many countries, however, the struggle for virtual survival continues.

Here at home, also, conditions have changed. No longer are we seeking ways and means to dispose of mountainous surpluses. Our food for freedom programs of the past have virtually eliminated them, and the present food assistance programs are being operated, more or less, on a buy-as-you-need basis.

My appeal to you today is for a recognition of the special status of the agencies of the American Council of Voluntary Agencies for Foreign Service as representing the voluntary sector of our overall foreign assistance program. Concurrent with the dwindling of our agricultural surplus, there has grown a new set of guidelines for our national food for freedom programs. The administrators of our foreign aid program are diligently endeavouring to increase the extent of the participation of host country governments in assuming financial responsibility for these programs, not only as a way of easing our acute balance-of-payments problem, but to encourage a greater share of responsibility on some foreign governments for the welfare of their own people. The extension of straight relief is being discouraged. The promotion of programs with long-term objectives based upon the assumption of major or complete responsibility by foreign governments for their continuance when American assistance ceases, is being actively sponsored. In all this meaningful and necessary government-to-government activity, however, the role and the objectives of America's voluntary agencies is in danger of not being fully recognized. Because the concept of meeting individual human needs is slowly disappearing from Public Law 480 title II programs, there is a risk of submerging the humanitarianism which traditionally has been the hallmark of voluntary agency activity.

New criteria and guidelines recently developed and scheduled for implementation by the voluntary agencies beginning with fiscal year 1970, not only do not stem this trend, but actually worsen it.

The Congress of the United States understands and appreciates the vital contribution which voluntary agencies can make, and in the past have made to the stability of many areas. The activities of the voluntary agencies have been responsible for a great number of friends in this troubled world of ours. In a recent letter to Mr. William S. Gaud, Administrator of AID, Bishop Swanstrom pleaded that American voluntary agencies be accorded a separate set of guidelines more consonant with their position and philosophy. He pointed out the negative impact of the termination of assistance to needy individuals rendered on a direct people-to-people basis but cut off on the basis of the foreign country's overall economic viability, although the same individuals remain in serious need. He pointed out that the greatest need existed in areas where host country governments and indigenous groups simply were not financially able to cope with the problems of hunger, and pleaded for a set of criteria for voluntary agency operations overseas under Public Law 480 which would truly represent the compassion and generosity of the American people. So long as a standard of accountability consonant with program complexity is maintained, Bishop Swanstrom said, America's voluntary overseas aid program ought to be permitted to stand for themselves, continuing the amicable partnership with our Government which has existed for so many years.

Reverting again to that subject which is on so many minds; namely, America's balance-of-payments position, I am pleased to inform you, Mr. Chairman, and the members of your committee here today, that Catholic Relief Services is making every effort to husband carefully the number of dollars it spends overseas. Traditionally, this agency has spent the major portion of its annual budget in the United States, favoring American products and services, as befits it, in our opinion, as an American agency. It is continuing to do so. May I also point out that it is a matter of record that voluntary agencies are able to administer programs at a decidedly lower cost because of the huge reservoir of volunteers overseas upon whom they draw, than governmental agencies can.

In the distribution over the past 25 years of foods, clothing, medicinals, and other supplies exceeding in volume  $8\frac{1}{2}$  million tons and valued at approximately \$1 $\frac{3}{4}$  billion, which have reached as many as 40 million needy men, women, and children in a given year, Catholic Relief Services-USCC has accumulated a wealth of experience in the administration of such programs, and has a considerable depth of understanding of the attitudes and problems of the peoples of less fortunate lands. In these programs, the distribution of a portion of America's magnificent agricultural production has played a considerable part. Under CCC concessional price programs, this agency has purchased for use in countries where it has been possible to continue assistance efforts after the phaseout of title II feeding programs, grains, and dairy products valued at \$4 $\frac{3}{4}$  million. In the past 3 years alone, in the commercial markets of the world, Catholic Relief Services has purchased grain to a value of more than \$6 $\frac{3}{4}$  million.

Along with the other voluntary agencies, Catholic Relief Services-USCC recognizes the problem of world hunger as paramount. Together with the Government of the United States, it hopes to be able to continue to play a significant role in attempting to alleviate world hunger. Public Law 480 is the natural vehicle through which this kind of assistance can be most effectively given. We, therefore, wholeheartedly espouse the continuation of this law, one of the most significant pieces of social and humanitarian legislation ever enacted in our history on behalf of peoples of other lands. At the same time, we look to the Members of the Congress to recognize the need for a separate and distinct set of criteria under which voluntary agencies may not only continue to feed the hungry but, in so doing, bring to them a better understanding of the depth of concern which the citizens of the most powerful and productive nation on earth have for their less fortunate brethren.

The CHAIRMAN. Thank you very much, Monsignor Landi.

Mr. CONFER. Now, may I turn to another colleague who has had long experience in the field, Mr. James Lambie of CARE.

The CHAIRMAN. We will be glad to hear from you now, Mr. Lambie.

#### **STATEMENT OF JAMES M. LAMBIE, JR., ASSISTANT EXECUTIVE DIRECTOR, CARE, INC.**

Mr. LAMBIE. Mr. Chairman and members of the committee. I can say that CARE associates itself with everything that has been said today.

In order to save time, I would like to skip the first couple of pages of our statement.

The CHAIRMAN. Your entire statement will be included in the record as modified by your remarks.

Mr. LAMBIE. The subject has already been alluded to by two of the speakers, as to the multiplying factor of Public Law 480, and I simply would like to emphasize that.

CARE is grateful for this opportunity once again to contribute from our experience our views on Public Law 480, the extension of which is proposed in the bill presently under your consideration. While the quantity of American farm commodities shipped abroad by private agencies scarcely approaches that shipped under title I agreements, we have had a not inconsiderable experience under titles III and II; within the next few months the CCC value of U.S. Government supplied commodities that CARE has programmed or contributed to institutional development in developing countries together, with other materials purchased with CARE donor funds, will reach the value of \$1 billion.\*

We should like here to recite only enough statistics to give you the order of magnitude of CARE's operations under Public Law 480. The following relate to the last fiscal year:

<i>Regular Public Law 480 feeding programs—July 1, 1966–June 30, 1967</i>	
1. Number of countries	28
2. Total recipients	29, 406, 090
3. Category breakdown of recipients :	
A. Child feeding, 89.5 percent:	
(a) Schools, 74 percent	21, 754, 250
(b) Summer camps, 4 percent	1, 173, 427
(c) MCW, 11.5 percent	3, 400, 050
B. Family feeding, 7 percent	2, 045, 434
C. Institutional feeding, 2.7 percent	815, 777
D. Self-help and refugee, 0.8 percent	217, 152
4. Total pounds shipped	754, 008, 781
CCC Value	\$70, 400, 000

The above figures are for our regular feeding programs only. When, about 15 months ago, it became apparent that the Bihar area of India would experience an extraordinary famine in the spring, CARE became the chosen instrument through which some 85 percent of all relief commodities from all sources were distributed in the famine area. This special emergency feeding program resulted in the shipment of 380,000,000 pounds of food from the United States, which, together with contributions from other sources, fed some 6,500,000 people in India.

In addition to Public Law 480 commodities, in the same year the American and Canadian people sent abroad, through CARE, \$1,800,000 worth of self-help materials to enable the people of developing countries to grow more food, educate themselves, ply a trade, have

\*Figures as of June 30, 1967:

U.S. Government-supplied commodities	\$745, 500, 000
CARE-purchased food and textiles and CIK's	154, 200, 000
CARE-purchased tools, equipment, and nonfood CIK's	34, 500, 000
MEDICO:	
(a) Materials and CIK's	9, 600, 000
(b) Specialists	1, 300, 000
Total	945, 100, 000

a more healthful life, and learn to work together for their own betterment.

Finally, various American and Canadian business firms used CARE as the medium through which they distributed some \$2,500,000 worth of contributions in kind of foodstuffs and medical and other useful materials.

While in our beginnings in postwar Europe in 1946, CARE's operation was strictly a relief and rehabilitation one, when we later turned to applying our acquired techniques and expertise to aiding emerging countries, we have become more and more a development agency. We have learned that food is one of the most useful and essential developmental tools.

We submit that our Government's experience with Public Law 480 has undergone, since 1954, a comparable change in approach and attitude. The dire perditions of disruption of friendly foreign trade and of depressing our own dollar exports turned out to be largely unfounded. And in most quarters the law has come to be seen as a useful instrument of American foreign policy, a compassionate, humanitarian law that has brought untold benefits to needy peoples. It has cost money, to be sure, but it has probably been one of the least costly ways of extending necessary foreign aid.

We cannot contribute anything new to the subject except to reiterate our view that Public Law 480 has been a constructive and well-administered law and that it has potentials yet to be realized. We might, however, invite attention to some facts that refute the notion that this is a give-away program, if give-away be conceived of as a situation in which there is no quid pro quo.

We will not speak of title I sales except to point out to those who feel that only dollars or other hard currency have "value" that the currencies of soft-currency countries have value to them. But in the private sector, we know what we are talking about when we say that it costs the host government money to have a CARE program. In many cases the input of the recipient country exceeds the value of the goods and services supplied by this agency. In other words, the input of American commodities through CARE has a multiplier effect in institution building in the recipient country. CARE is, in effect, a partner with the U.S. Government in the supplying of the commodities and a partner with the host government in their utilization. A few specific examples will make this clear:

#### TUNISIA

At the start of the Tunisia primary school feeding program (school year 1956-57) the enrollment was 227,000. In the school year 1966-67, it was 777,000. Their (Tunisia) contribution for local food at the start was 185,000 dinars (\$356,000); it rose to 595,000 dinars (1,144,000) during the last year. The administrative costs for the school feeding program in the same 10-year period rose from 47,000 dinars (\$91,000) to 81,000 dinars (\$156,000). The cost of school supplies in the same period, also contributed by the Government of Tunisia went from \$10,000 to \$39,000. In sum, the direct Government of Tunisia contribution during the last 10 years to the education of primary school children rose from \$356,000 to \$1,339,000 a year, or an

almost quadrupled growth. In addition, during the last year, to assist needy children in primary schools, the Government of Tunisia has spent almost \$385,000 on clothes and \$121,000 on school equipment.

The catalyst for that Government of Tunisia investment? Public Law 480. Until about 3 years ago, the school feeding program in Tunisia was government to government. The value of U.S. commodities provided to the program over that period was \$9 million.

#### TURKEY

In fiscal 1966, the Turkish Government at various levels spent for nutrition education, transportation, warehousing, port costs, purchase of local foods, contribution to feeding operations in hospitals and health centers some \$15,000,000 (in Liras), while the value of commodities supplied through CARE was about \$6,500,000.

#### LIBERIA

In this country, the fiscal year 1968 Public Law 480 input will amount to approximately \$369,000, bringing forth an expenditure from the Government and people of Liberia for the program of about \$158,000.

#### PANAMA

Here, the ratio of CCC value of input to Government of Panama contribution is that of \$719,000 to \$860,000.

The ratios vary, of course, from country to country. It has been CARE's effort to involve the host government as deeply as its budget would allow and, furthermore, to program wherever possible a full takeover of our input. As you well know, we have phased out in many countries, and there are several in which there is a definite schedule for our turning over to the host government the full responsibility for the various feeding and other schemes. But developing countries obviously reach this stage of capability at different paces; the future must be planned for and the assumption by them of increased responsibility integrated into their own planning programs and budgets. Many are still economically unable to dispense with total or partial developmental input from Public Law 480. The total nutritional problem in the world is not likely to be met soon. Until it can be—and it must be attacked, as it is being attacked, by the dual approach of increasing food production and reducing the rate of population growth—Public Law 480 has a vital role to play not only in America's tradition of humanitarianism but in our enlightened self-interest.

**The CHAIRMAN.** Thank you very much, Mr. Lambie.

I want to express our appreciation to each of the members of this panel for helping us move this hearing as rapidly as you have. We do appreciate the precise way in which you have presented your views.

I hope that our membership can take a lesson from this.

Do the members wish to ask questions of the panel?

**Mr. Kleppe?**

**Mr. KLEPPE.** I have one question, Mr. Chairman, that I would like to ask of each member of the panel, and I get my motivation from your last page, M. Katzki, where you make the statement: "The beneficiaries know from whence their help is coming."

It seems to me that in times past—at least, I have heard that the United States has supplied a great deal of this food and that the Communists have gotten credit for the distribution of it, to the extent that the beneficiaries really did not know where it came from.

Understandably, you have made a flat statement that, in your opinion, "Yes, they do know where it comes from."

I would like to ask this question of Mr. Lambie of CARE: Do you agree with that statement and do you believe that the beneficiaries do know where this food is coming from when it comes through Public Law 480?

Mr. LAMBIE. Yes, sir. It has been our experience almost uniformly that this is the case.

Mr. KLEPPE. All right.

Mr. Confer, do you agree with that?

Mr. CONFER. Yes, indeed. Primarily, because we take definite steps in the direction of accomplishing that. In the case of our program which has been closed in Yugoslavia, which we closed after 10 years, there we made a condition that not only the distributing groups but that everyone would know, and we were successful.

Mr. KLEPPE. Monsignor Landi?

Monsignor LANDI. I would like to say that during the past year, I have traveled 70,000 miles visiting 60 countries where we have operations, and I would say that, by and large, the people are aware of the source of this food.

Further, in practically every place where food is distributed—let us say in many places—most places there are signs in the local language to this effect, that the food that is being distributed is a gift of the American people to the people of Tunisia or Algeria, as the case may be.

Mr. KLEPPE. And when you say "by and large," it disturbs me a bit. Are there some examples where they do not know?

Monsignor LANDI. Yes, I would say that there may be some places where the signs may not be displayed. Now, we have auditors going around. Where we are aware of any area where signs are not manifested, we insist that they be put up. In fact, in one country the program was closed, because the local government refused to have signs put up as to the source of the food, that it was from the American people.

Mr. KLEPPE. I take great heart from the answers of all of you, because this has been a disturbing thing to me.

I appreciate your answers.

Monsignor LANDI. I wonder if I may impose for just one second.

You mentioned communism. I was in Italy for many years, particularly when we had a large food program there. The Italian people were so aware of the largesse of the American people that anything they received for nothing they thought it came from the United States whereas some of it came from the Soviets.

Mr. KLEPPE. We need a little of that to balance some of this other that we hear about.

Thank you.

The CHAIRMAN. Are there any other questions?

Mr. Dow?

Mr. Dow. I would like to ask Mr. Confer a question.

In your first paragraph you mention that since 1945 the Lutheran World Relief has shipped commodities valued at more than \$193 million of which 49.8 percent has been donated by the U.S. Government. Now, this is not merely part of the Public Law 480 program if we donate food; am I correct about that?

Mr. CONFER. Within the total amount of \$193 million, may I say that the Lutheran World Relief is the smallest of the four agencies represented here today, and my friends on either side could cite larger figures, but within this total there is a considerable amount of Public Law 480 commodities. And, as you see, about one-half of these commodities came from the Government, and a great bulk of this is Public Law 480 food. There was a little cotton, and so on, too.

We received a little military excess. But the great bulk of that is Public Law 480 food.

Mr. Dow. As to the Public Law 480, did the Lutheran World Relief compensate the Government for any amount of that?

Mr. CONFER. Oh, no. It is an authorized gift which our Government has channeled through the Lutheran World Relief and which we, in turn, take abroad and distribute either ourselves or through counterpart agencies—usually, the latter.

Mr. Dow. So that the 49.8 per cent is Public Law 480 food that was donated by the U.S. Government?

Mr. CONFER. The great bulk of that is, yes.

Mr. Dow. I suppose I ought to know more about the Government than you do, but I do not claim to.

Mr. CONFER. You must know more than we do.

[Laughter.]

Mr. Dow. What I would like to know, Mr. Confer, is who determines the amount that our Government is going to donate of the Public Law 480 program and how much we sell to the recipient country; how is that determination made?

Maybe the chairman knows?

Mr. CONFER. I am sure that he knows. I would like to defer to you, Mr. Chairman, if you would like. But may I say that the point of origin is in the field abroad. These country representatives of the United States are there. Many of them have food-for-peace officers there, and there are duties assumed by the AID personnel. We also have our representatives in those countries, and we, as the Lutheran World Relief, a voluntary agency, do not purchase from the Government but, instead, a relative proportion but large in substance is made available on a donation basis under what is title II of Public Law 480, and these gentlemen abroad get together and share their views. Our representatives share the plan of operation with the AID representative of the food-for-peace office in the other country, and if these people agree on an amount, then our representatives prepare what is known as an annual estimate of requirements, and this is endorsed by the AID or the food-for-peace officers in the other countries, and it comes back here in the United States; and we examine it in our home office, and if we approve it, we then endorse it also and send it to Washington where it is handled by the food-for-peace office of AID. And if they approve the request, it goes on to Agriculture and the Commodity Credit Corporation for filling. A part of the Government procedure is an interagency committee which looks

it over, too. But, as you see, there is a rather detailed screening process all along the line.

Mr. Dow. In other words, there is a fraction of this food provided under Public Law 480 that is really donated?

Mr. CONFER. That is correct.

Mr. Dow. By our Government?

Mr. CONFER. Right.

Mr. Dow. I mean to check the magnitude of that. I am curious to know.

Mr. CONFER. I may say that from the standpoint of the agency and the private resources being channeled abroad, there is a substantial amount of the total amount of commodities made available and made possible by Public Law 480; but as a proportion it is a small proportion.

Mr. Dow. Thank you, sir.

The CHAIRMAN. Are there other questions of this panel?

If there are no other questions, we are very much obliged to all of you gentlemen. We appreciate your appearance here today.

Mr. CONFER. We are grateful to you for this opportunity to be with you.

The CHAIRMAN. Our next witness will be Mr. Michael J. Norton, director of the special services division of the National Milk Producers Federation.

We will be glad to hear from you now.

**STATEMENT OF MICHAEL J. NORTON, DIRECTOR, SPECIAL SERVICES DIVISION, NATIONAL MILK PRODUCERS FEDERATION; ACCOMPANIED BY M. R. GARSTANG, GENERAL COUNSEL**

Mr. NORTON. Mr. Chairman and members of the committee, I have with me Mr. M. R. Garstang, general counsel of the federation. I would like to omit certain portions of our prepared statement in the interest of time, if it pleases you, Mr. Chairman.

The CHAIRMAN. Your entire statement will be included in the record as modified by your verbal statement.

I should like to make a suggestion. I have not yet heard your statement and this statement is without any particular reference to you whatsoever, it applying to all of the witnesses who are here to appear before us; but this committee is primarily interested in knowing what we should do and why we should do it in the way of making changes in Public Law 480; or if you feel that it should not be extended at all, why you feel that it should not be extended. I think the committee is well aware of the philanthropic aspects of Public Law 480 and the benefits that accrue to the world through Public Law 480. We are charged with the responsibility of either extending it, or letting it die, or modifying it in some manner. We are particularly interested in any possible modification.

Please understand, I do not know what you plan to say, and it is not particularly addressed to your statement at all; but we hope all the witnesses will give us some enlightenment on those points.

Mr. NORTON. I hope that we do have some suggestions in our statement that will merit the consideration of the committee in its consideration of the amendments to the general bill to extend Public Law 480.

I am sure that you are all well aware of the general benefits that Public Law 480 has bestowed upon the world and our domestic agriculture economy.

The National Milk Producers Federation, which represents dairy farmers and the cooperative associations which they own and operate, appreciates this opportunity to express its views on Public Law 480—the food-for-peace program—and to support H.R. 15693, which calls for a 3-year extension of the program.

From an overall standpoint, one cannot question the general effectiveness of Public Law 480. This program, through the distribution of agricultural commodities, has made an outstanding contribution in many areas. It has served to alleviate hunger throughout the world. It has served to promote U.S. foreign policy goals. It has bolstered our sagging farm economy by removing price-depressing surplus agricultural commodities from domestic markets. It has been of general aid to the perplexing balance of payments problem. For these general reasons, there is no doubt that the program should be extended.

We feel that Public Law 480 and foreign distribution programs are vitally essential to the proper use of the productive ability of American farmers. We felt that the 1966 amendments to Public Law 480 recognized this fact and would take proper advantage of this productive ability. We felt that, when the "surplus" concept was eliminated from Public Law 480 in 1966, that agricultural commodities would be utilized on the basis of nutritional needs rather than surplus disposal only, and that, as a result, farmers could look forward to an era of new hope and prospect for prosperity.

This hope may have been realized insofar as some agricultural commodities are concerned; but in the case of milk and dairy products, the months subsequent to the 1966 amendments marked startling declines in the utilization of dairy products. Consequently, it became apparent that the surplus concept had not been eliminated in Public Law 480. For example, in 1966, utilization of dairy products in Public Law 480 amounted to only 0.76 percent of the total milk production; and in 1967 the utilization will be even lower. The much heralded worldwide war on hunger was waged without an important weapon. Milk and dairy products—the best source of the high quality animal protein essential to the diets of undernourished persons and the most convenient food for meeting the nutritional requirements of all individuals—are unquestionably a potent weapon in the food-for-peace arsenal. Nonetheless, this startling statistic exists and only relatively small amounts of dairy products have been utilized.

At another point in the history of the food-for-peace program, near elimination of milk and dairy products from the program may not have had such a significant effect on our domestic dairy economy. However, at the same time that utilization of milk and dairy products was at one of the lowest levels since the inception of the food-for-peace program, imports of dairy products into the United States were at record high levels. In 1966, for example, 2,775 million pounds of milk equivalent in the form of dairy products were imported into the United States. Most of these imports were in evasion of quotas established under section 22 of the Agricultural Adjustment Act of 1933. This represented an increase in imports of 229 percent over imports during the period of 1961-65. While imports in 1966 were at these

all-time high levels, exports of milk and dairy products under the food-for-peace program amounted to only about 320 million pounds of milk equivalent, resulting in an excess of 2,455 million pounds of milk equivalent of imports over Public Law 480 exports. It is noteworthy that in 1967 imports amounted to 2,855 million pounds of milk equivalent, a "record" of which American dairy farmers are not too proud. Preliminary 1967 figures indicate that small amounts of nonfat dry milk and negligible levels of other dairy products were exported under Public Law 480. There can be little doubt that had distribution of milk and dairy products under the food-for-peace program continued at pre-1966 levels, the vast quantity of dairy products which was imported into the United States during 1966 in evasion of existing quotas would not have had such a drastic effect on the dairy farm sector of our agricultural economy.

In fact, the more I think about this particular problem, Mr. Chairman, it seems to me that it would be much more appropriate to channel some of the dairy products that would ordinarily be imported into the United States and which are not needed on our domestic market and which only serve to depress domestic dairy prices, that it would be much more appropriate to channel these products into Public Law 480 programs. It would be a saving to the Government and to the taxpayer all the way around.

These small amounts of Public Law 480 exports exist despite the fact that income from dairy farming, including the sale of calves and cull dairy cattle, represents the second highest source of cash farm income to American farmers, bringing the average American farmer approximately 17 cents of the cash-receipts dollar.

It would seem, therefore, that the food-for-peace program, as amended in 1966, has apparently not, insofar as milk and dairy products are concerned, been implemented as effectively as the Congress had intended.

It is our opinion that the time has come for a realistic reappraisal of the food-for-peace program from the standpoint of enlightened self-interest. One cannot question the humanitarian motives behind the objective of alleviation of starvation and hunger throughout the world. However, it seems to us that the prospect of American agriculture providing the tools for waging this worldwide war on hunger may become moot, if our farm economy continues to tread on the threshold of bankruptcy. American farmers cannot be expected to supply food and fiber to American consumers, much less the rest of the world, unless the American farmer is allowed to derive a fair return on his investment and labor.

American dairy farmers need help and if some of the changes which were made in the food-for-peace program by the Congress in 1966 would be properly implemented so that the surplus-disposal concept is truly abandoned, the food-for-peace program can be of significant help in strengthening the dairy farmer's economic position. However, to be of any significant or meaningful benefit to dairy farmers, the food-for-peace program must be administered on a stable and dependable basis. False hopes should not be raised in the minds of American dairy farmers. If their product is to be used in the food-for-peace program, it should not be done so on a haphazard and sporadic basis. Dairy farmers must plan their production on a long-term basis and,

by the same token, they are entitled to be informed of the use that will be made of their product on a long-term basis.

The Congress should, therefore, establish specific guidelines to enable the Secretary of Agriculture to determine which commodities should be used in the food-for-peace program as well as the approximate quantity of the commodity to be used. The Secretary should be directed to establish definite quantitative requirements for over a long-term period, and, with the passage of each year, reevaluate program needs and extend, alter, or eliminate these requirements, but at least plan on a long-term basis. Furthermore, when these requirements are established, the Secretary should proceed to fulfill them from Commodity Credit Corporation-held stocks or, if necessary, from open-market purchases.

The federation urges the Congress to direct the Secretary of Agriculture to make uncommitted stocks of dairy products held by the Commodity Credit Corporation available at world market prices for use in the food-for-peace program. The Department of Agriculture, on January 9, 1968, announced that exporters would be entitled to purchase Commodity Credit Corporation-owned nonfat dry milk at 11 cents per pound, f.a.s. vessel, for use in title I sales under Public Law 480. This announcement is somewhat unrealistic since ocean freight rates are at such a level that nonfat dry milk cannot be made available in most potential Public Law 480 recipient countries for less than 13 to 14 cents per pound. Inasmuch as this price is 3 to 4 cents higher than the price at which other dairy-producing countries can make a nonfat dry milk available, it seems obvious that potential recipient countries will not purchase substantial quantities of American-produced nonfat dry milk, even under the liberal credit terms of title I. In fact, as of today, there have been no bids submitted to the U.S. Department of Agriculture under this announcement.

World market prices of milk and dairy products are significantly lower than American prices. This is because of the high cost of living to which the United States is committed—higher than much of the rest of the world—and also due to the fact that several foreign nations subsidize their own dairy industry, thus making their dairy products available for export at whatever level it takes to move them. Under these circumstances, American dairy products cannot compete in world trade unless the Department of Agriculture makes Commodity Credit Corporation-held dairy products available at these lower world market prices. Such an action will eliminate price-depressing surpluses as well as the storage costs which must be borne by the American taxpayer and allow dairy products to participate on an equitable basis in Public Law 480.

In order to be of significant benefit to American dairy farmers, dairy products must be utilized in all phases of Public Law 480. Dairy products are easily the best suited commodity to foreign relief feeding and other similar development programs. Dairy products should be the most important ingredient in foreign school lunch and other child feeding programs. The Secretary of Agriculture should, therefore, be encouraged to make proper use of milk and dairy products in the entire Public Law 480 program.

Furthermore, despite the disparity between domestic dairy prices and world market prices, it is possible for some commercial foreign

markets for milk and dairy products eventually to be developed. However, in order to develop such commercial foreign markets, the Department of Agriculture must utilize dairy products under title I of Public Law 480 on a regular basis. It is of little long-term benefit to the domestic dairy industry to sporadically utilize dairy products under title I or other provisions of Public Law 480.

In order to maintain the foothold which can be gained through title I sales, however, it is essential that the Department of Agriculture reinstitute a program of payment in kind or cash subsidy so that American exporters may continue to supply at world market prices, domestic dairy products in whatever form is desired by recipient countries. Such a program would enable American dairy farmers to obtain an equitable share of world trade. The many objectives of the food-for-peace program can be furthered through increased use of milk and dairy products.

In the first place, the goal of improved nutrition for undernourished persons of the world can be pursued with the most nutritious product available.

Secondly, the substantial quantities of price-depressing surplus stocks of milk and dairy products presently held by the Commodity Credit Corporation can be eliminated. The Nation's foreign policy interests can be furthered and the balance-of-payments problem aided.

Finally, the domestic dairy industry can be strengthened. Many of the Nation's dairy farmers are at the crossroads of economic decision. They have been faced for many years with economic injustice and inequality. They are going out of business in wholesale lots. They are selling their farms and herds. The American farmer who supplied his own needs and the needs of his family is a milestone of historical interest only. Today's dairy farmer, like all other individuals, must purchase goods and services in the marketplace at retail prices to fulfill his everyday needs. He must buy clothing, groceries, and automobiles like everyone else, and, in addition, must also keep abreast of constantly improving farm technology with the result that costs of production continue to rise, while the return for his efforts seems to continually decline. The farmer cannot be expected to exist under such unstable, insecure conditions. The Federal Government must recognize the plight which faces the American farmer and take affirmative steps to aid him. Coupled with the Agricultural Act of 1949, which supports the price of milk and butterfat between the levels of 75 to 90 percent of parity, the Agricultural Marketing Agreement Act of 1937, which provides the mechanism under which the Federal milk marketing order program operates, and properly geared domestic programs, Public Law 480 can provide a solution to this problem and can assure dairy farmers a fair return on their investment and labor.

I thank you.

The CHAIRMAN. Thank you very much. It seems to me that there is a suggestion or two which may very well be justified and should be considered, and the question is whether it should be made a part of Public Law 480. Certainly, what you have suggested, that there must be a substantial subsidy of the American dairy industry, is correct. And, if I understand your testimony, you feel that Public Law 480

in itself is no solution from the standpoint of maintaining a price in the United States; is that not your viewpoint?

Mr. NORTON. Not unless it were utilized or implemented on the basis of a nonsurplus concept and that specific amounts of products were channeled into food for peace programs. We feel that the Secretary should establish levels of dairy products that he wants to use in the Public Law 480 program and to set the price at such a level that the dairy farmers would produce enough products to supply those needs.

The CHAIRMAN. And when you say "set the price"—you cannot set the price, or rather you cannot set a fair level of return to the farmer without a matching subsidy, can you?

Mr. NORTON. The product cannot be moved into these foreign markets without such a subsidy; yes, sir. But if the U.S. Department of Agriculture purchases dairy products on the open market, that, in effect, will set the price.

The CHAIRMAN. That is what I am saying, that there must be a matching subsidy to the American dairy industry. I am not finding fault with that. I think that you may be right on that, but I do not think the other part is one that we can tie in for consideration of Public Law 480. It is a problem that we must face when we take up the general agriculture bill which I hope to take up in the next few weeks. That will be a part of it, not only for the dairy farmers but for all of the other products. We do need subsidies in our foreign programs. I recognize that, but, certainly, we cannot do it in the form that you are suggesting. You are suggesting that we sell these products on the world market, and I believe that your suggestion is not to cut the world prices. Anytime that we cut the world prices, are we not actually jeopardizing our own price structure for the farmer? I think our own price structure will then go down and we will have a general downward trend if we lower the world prices, and that is the thing or one of the things that we have been very careful about in Public Law 480, so that in the so-called concessional sales, when so sold, they are never sold below the world price of the commodity so as to destroy the price for a great many other commodities, because to do so would be of no benefit. I think that it would be very unwise to enter into a price war and try to undersell other people. I agree with that. We have to meet the prices. We have to be competitive. And anywhere in the world, we have to be competitive and meet those prices in the markets. But you would not suggest that we sell the commodities at less than the world prices; would you?

Mr. Norton. No, Mr. Chairman.

First, let me say that I am not referring to or talking at all about a domestic subsidy on production. I am referring only to a subsidy on exports, or in the alternative making Commodity Credit Corporation stocks available at world market price. I am not suggesting that these stocks should be made available at lower than the world market prices, so as to have an undesirable effect on world prices and to engage in the kind of a price war that you have referred to. It makes common-sense to me, however, that we cannot expect to sell any dairy products on the world market or through Public Law 480 so long as our product is priced above the level at which other countries can and do sell dairy products.

The CHAIRMAN. I think that is true. I think that is the reason that we have not moved any substantial amount of dairy products under Public Law 480 as it now stands. There is no way that the Department can make India or Iran or Ecuador order dairy products—to buy them under Public Law 480, if those countries find that the delivered price of those products would be substantially higher than what it would cost to get them from Australia or from Holland or some other supplier.

Mr. NORTON. That is true.

The CHAIRMAN. Obviously, they are not going to do it, and I do not think that the Department is selling dairy products for that reason. I think, as you point out, that the reason we do not sell them is primarily because of the maritime freight rates.

Mr. NORTON. What you say is precisely true, Mr. Chairman, but the Department apparently does have the authority and ability to release Commodity Credit Corporation stocks of dairy products at less than the price for which they were purchased, and this was the reasoning and the intent behind the announcement to which I referred, whereby the U.S. Department of Agriculture made nonfat dry milk powder available at 11 cents per pound for title I sales.

The CHAIRMAN. Getting back to this proposition, the same question that was raised in the beginning, I am not finding any fault with that. Your suggestion is that there must be a much larger subsidy to make it profitable to the dairy industry, and I am inclined to think you are right. I was in the dairy business myself for several years. I did not get the subsidy; that is the reason that I got out of that business now. I am inclined to agree with you in all of this, but I think that we might as well face up to it, that there is no foreign sales program of dairy products that can be moved without a substantial subsidy to the producer. Is that not right?

Mr. NORTON. That is quite right.

The CHAIRMAN. It does not make any difference whether you call it a subsidy or whether you call it a purchase by the Commodity Credit Corporation, because whenever the Commodity Credit Corporation buys at a high price and sells at a lower price, that is a subsidy; is it not?

Mr. NORTON. Yes, sir.

The CHAIRMAN. And I think too many of us try to cover these things up and say that we are not getting any help from the Government, when, as a matter of fact, the taxpayer pays part of the bill. I am not trying to find any fault with that; I just say that Public Law 480 does not have anything to do with it.

Mr. NORTON. I do not mean to indicate that Public Law 480 is *the* solution to the problem. However, I do feel that it can be a help in the solution.

The CHAIRMAN. Not without granting more subsidy; can it?

Mr. NORTON. Not without some form of subsidy. That is what I tried to point out.

The CHAIRMAN. Fine. Thank you, sir.

Are there any further questions?

Mr. Mayne?

Mr. MAYNE. You stated in general terms that there had been a very substantial decline in the amount of dairy products used under Public

Law 480 since 1956. Could you furnish us more specific figures as to what the amounts of dairy products used in Public Law 480 have been since the inception of the program so that we would have a better idea on this?

Mr. NORTON. I could furnish the total statistics for the record, Mr. Mayne. However, I do have some statistics here dating from 1960, if you would like them now.

Mr. MAYNE. All I want to know is the amount of dairy products used under Public Law 480.

(The information referred to above follows:)

**COMPARISON OF IMPORTS AND PUBLIC LAW 480 EXPORTS AND TOTAL EXPORTS OF DAIRY PRODUCTS ON THE BASIS OF MILK EQUIVALENT OF BUTTERFAT—ESTIMATED, 1955-67**

[In millions of pounds]

Year	Imports	Public Law 480	All
1955	458	4,039	5,276
1956	514	6,124	7,574
1957	661	2,316	3,260
1958	507	2,352	3,110
1959	578	639	1,255
1960	604	415	1,277
1961	760	7	716
1962	795	59	590
1963	915	1,647	2,162
1964	830	5,247	8,042
1965	918	1,140	4,229
1966	2,775	320	909
1967	2,855	(1)	(2)

<sup>1</sup>Negligible.

<sup>2</sup>Not available.

Source: Milk equivalent calculated from figures reported in "12 Years of Achievement Under Public Law 480, ERS USDA"; "Dairy Situation, November 1968," ERS, USDA.

**NONFAT DRY MILK: IMPORTS, EXPORTS UNDER PUBLIC LAW 480 AND TOTAL, 1955-67**

[In millions of pounds]

Year	Imports	Exports	
		Public Law 480	Total
1955	2	284	370
1956	1	451	471
1957	2	494	631
1958	2	635	703
1959	2	653	707
1960	1	387	464
1961	2	535	634
1962	1	613	812
1963	2	741	1,005
1964	2	682	1,315
1965	1	465	946
1966	3	482	738
1967	1	1,393	-----

<sup>1</sup> Estimated.

Source: "Dairy Situation, November 1968," ERS, USDA; "12 Years of Achievement Under Public Law 480," ERS, foreign 202, ERS, USDA.

Mr. NORTON. All right, sir.

Mr. MAYNE. Starting with 1960.

Mr. NORTON. In 1960, there were 415 million pounds of milk equivalent in the form of dairy products used in Public Law 480. These figures tend those that follow are based on the recent survey that was

released by the United States Department of Agriculture. The products used under Public Law 480 are in the form of evaporated and condensed milk, whole dried milk, butter, cheese, nonfat dry milk products, et cetera.

In 1961, there were approximately 7 million pounds of milk equivalent utilized in Public Law 480 provisions.

In 1962, there were a little over 59 million pounds utilized in Public Law 480.

In 1963, there were 1,647 million pounds utilized in Public Law 480.

In 1964, the figure is 5,247 million pounds.

In 1965, it starts to decline, and the figure is 1,140 million pounds.

In 1966, the figure is 320 million, and in 1967—although I do not have the official figures, I am told that the products utilized in Public Law 480 are less than a million pounds.

**Mr. MAYNE.** What in your opinion is the reason for this dramatic decline?

**Mr. NORTON.** Well, in 1966, due to several factors, domestic dairy production began to decline, and in mid-1966 stocks of dairy products held by the Commodity Credit Corporation were either zero or next to nothing, and for this reason no products were used in Public Law 480. This led us to the obvious conclusion that Public Law 480 was not, as we thought it was after it had been amended in 1966, a non-surplus disposal type program but still was based on the concept of surplus.

**Mr. MAYNE.** Would it be a fair statement that this worked satisfactorily for the dairy producer and had a beneficial effect for him so long as there were surpluses, but that its value greatly diminished when the surpluses ended?

**Mr. NORTON.** Yes; this is true so long as the surplus is used quickly and not allowed to depress domestic prices. The volume did diminish when surpluses ended, and, as I pointed out, there were overwhelming imports of dairy products coming in, which would not have had such an effect on domestic dairy prices if they had been offset by Public Law 480 exports. However, despite the fact that there are presently significant amounts of dairy products held by the Commodity Credit Corporation, they are not being utilized in Public Law 480 at this time.

**Mr. MAYNE.** How much are they as of the present time?

**Mr. NORTON.** As of February 23, uncommitted dairy products, stocks of dairy products, held by the Commodity Credit Corporation, amounted, in the case of cheese, to over 69 million pounds; in the case of butter, over 132 million pounds; in the case of nonfat dry milk, 195 million pounds. Those are rounded figures.

**Mr. MAYNE.** What was that last figure?

**Mr. NORTON.** 195,774,000 pounds.

**Mr. MAYNE.** Thank you. That is all, Mr. Chairman.

**Mr. CHAIRMAN.** Mr. Zwach?

**Mr. ZWACH.** Mr. Norton, it would appear that since about 1965 there has been much less utilization of dairy products in this program when, at the same time, imports have increased tremendously; is that correct?

**Mr. NORTON.** That is correct. Mr. Zwach, particularly beginning in 1966.

**MR. ZWACH.** I want to commend you for the proper assessment of rural America, of the agriculture segment. My district is such that there are hundreds and hundreds of farmers that have been forced out of the dairy business in the last 3 or 4 years. It is interesting to get this.

I am also interested in how you think it might be used a little more as a machine to help in our overall total farm picture.

That is all.

Thank you, Mr. Chairman.

**THE CHAIRMAN.** Thank you, Mr. Zwach.

Are there any other questions?

If not, we are very much obliged to you, Mr. Norton, and we appreciate your being here.

**MR. NORTON.** Thank you, Mr. Chairman.

**THE CHAIRMAN.** Our next witness is Mr. Bert Tollefson, executive director of the Corn Millers Institute, American Corn Millers Federation.

We are glad to have you here, Mr. Tollefson.

**STATEMENT OF BERT TOLLEFSON, JR., EXECUTIVE DIRECTOR,  
AMERICAN CORN MILLERS FEDERATION AND EXPORT INSTITUTE;  
ACCOMPANIED BY JUAN DEL CASTILLO, FIELD DIRECTOR**

**MR. TOLLEFSON.** Thank you, Mr. Chairman and members of the House Agriculture Committee.

We appreciate this opportunity to present the views of the American Corn Millers Federation and Export Institute with respect to Public Law 480, better known as the Food-for-Peace Act of 1966.

I am Bert Tollefson, Jr., executive director of the American Corn Millers Federation and Export Institute. With me at the table is Juan del Castillo, our field director who has recently visited many of the countries where Public Law 480 is in operation.

We welcome this opportunity to testify in favor of extending, for 3 years, the Agricultural Trade Development and Assistance Act of 1954 as amended. We support the Purcell bill, H.R. 15693. The achievements of food-for-peace and now the war on hunger have established these essential and beneficial programs as one of the most successful undertakings in our Nation's history.

The wise use of American farm products has fulfilled humanitarian needs but has also assisted our Nation to meet economic, social, and political commitments throughout the world. This committee deserves great credit for these accomplishments. I hear this often throughout the country, and I know that Mr. Castillo has heard similar statements as he travels throughout the world. Having participated in the establishment of the first food-for-peace program while in the U.S. Department of Agriculture, I am grateful for the opportunity to continue working with you.

Our corn milling industry, composed of 75 member companies in 25 States, appreciates the working relationships we have had with the Congress, governmental departments, voluntary agencies, and other interested parties. Officials in the Departments of Agriculture, State, and Agency for International Developments, have done a very effective job of administering the beneficial legislation passed by

Congress. This morning, you heard representatives of the voluntary agencies who also have an outstanding record of administering programs and distributing commodities.

It is interesting to recall this morning that we were here before your committee, about a year ago, when we talked about the food for India message which this committee responded to in establishing the special program for India. It was most interesting yesterday in the morning and again in the afternoon, to hear reports on the success of this program. And I feel, Mr. Chairman and members of the committee, that when the full story of the India feeding program during the past year, in times of great emergency, is fully known by the American people and the world, this will prove to be one of the greatest humanitarian efforts of all times, and certainly it is going to be so established in the minds of people.

Since the initiation of Public Law 480 in 1954, about 4 billion pounds of cornmeal have been distributed throughout the world by the U.S. Government and private agencies, creating over 10 million years of life food energy. This 4 billion pounds of golden cornmeal has proven, through the years, to be a nutritious and efficient source of calories and energy in more than 100 countries where corn foods are basic in their usual diets.

Golden cornmeal has so many uses in native dishes throughout the world, we expect its use to increase. But research projects of our federation and other research activities of our member companies are developing other new milled corn products which will make additional contributions toward combating world hunger.

Beginning in September of 1966 and continuing through the present time, the U.S. Government has purchased over 420 million pounds of a new high-protein, low-cost, blended food called CSM which is being distributed by governments and volunteer agencies in over 100 countries. This new food has been developed through cooperation of the corn milling industry and Government nutrition experts from Agriculture, AID, and the National Institutes of Health.

I notice that the Director of the food-for-peace program, Frank Ellis, is in the chamber this morning. He was one of the key people having the courage to move in the executive branch of the Government, as this committee and the Congress expressed an interest in proceeding on the concept of low-cost, high-protein blended foods such as CSM. And the success story, gentlemen, is truly remarkable.

CSM is a formulation of 68 percent processed cornmeal, 25 percent soy flour, 5 percent dry milk, and 2 percent vitamin-mineral premix. The result is a 20-percent protein food with an adjusted protein efficiency ratio of 2.49 and a nutritionally proved amino acid balance. It is virtually bran free, has a bland flavor and smooth texture for feeding as a gruel, beverage, or as dough in such foods as tortillas, empanadas, chapati, enchilladas, and so forth.

And we do not eat many enchilladas in the Midwest, Congressman Zwach, but in a lot of the world they do.

Nongovernmental programs for acquisition of milled corn products are exemplified by UNICEF's cash dollar purchase of 7.6 million pounds of CSM for about \$700,000. This CSM will provide 480,000 beneficiaries with a supplementary ration of 80 grams a day for 3 months. The current issue of UNICEF News contains an unforget-

able picture of a child in India eating CSM. This picture grips you like very few pictures can, carrying a message that is certainly impressive. Another issue of UNICEF News referred to CSM use as "the first attempt in history to introduce a new food product simultaneously to millions of people on a worldwide basis."

While CSM is being used primarily as a new food for infant and child feeding it has appeal for adults also. Several members of this committee tasted CSM at our recent milled corn products luncheon here in the Capitol. Most of you who attended that luncheon sampled each of the foods including the famous House restaurant cornbread, cheese flavored hominy grits, corn-fed beef and a corn-flake cake dessert; but one Congressman liked the CSM soup well enough that he limited his lunch to three cups of the CSM which tastes something like split pea soup.

Additional evaluation tests of feeding programs utilizing corn meal and CSM are presently underway in many countries and the results are very favorable. There will be an announcement soon indicating how very successful these programs have been using CSM as infant and child food and as a weaning food in many instances.

I might say specifically, because it is getting to be common knowledge, that Dr. Graham in Peru has proceeded with the detailed tests, measuring the growth of the infants, measuring the input of the CSM compared to other foods that are used as weaning foods, doing everything in a very scientific way to determine what the net gain is and also the benefit of the food. These announcements will be forthcoming very soon. I think it will, again, make a very impressive story.

Our industry is continuing to experiment with various means of fortifying milled corn products to further increase their nutritional values. For example, as synthetic lysine and tryptophane become available in larger quantities at lower prices, fortification of cereal grains will find additional uses in many countries.

Our industry again is attempting to respond to changing needs by utilizing research technicians in some of our member companies such as General Foods, Quaker Oats, Lauhoff, and other companies throughout the country. We are emphasizing the importance of this research and developing new needed foods, not only for overseas but conceivably for use in the school lunch program and feeding programs in this country as needs may be identified.

Tomorrow, the Secretary of Agriculture and other Government officials are scheduled to spell out more details of the proposed extension of Public Law 480. As these statements and other testimony are reviewed by your committee, we intend to keep in contact with you offering suggestions and responding to any questions you may direct to us. Our Asian field director, Loyal Leitgen, has been in India and Southeast Asia for 4 months—he is still there and will continue for another period of at least 6 to 8 months—and he is also preparing information we will submit to you.

At this time, we do wish to emphasize the importance of planning Public Law 480 programs and commitments far enough in advance to enable farmers to make needed production and marketing plans. In the same context, when industry is required to process American farm products, it is vital that Public Law 480 programs give adequate

indications of volume requirements to allow for sufficient industrial capital investment and production scheduling.

We also agree with the emphasis that administrators of the program are placing on use of food for self-help projects that are increasing the ability of underdeveloped nations to feed their own populations. The startling fact is that world population continues to spiral and will undoubtedly rise above 6 billion before the end of this century. It is essential that Public Law 480 implementation continue to be directed at both world food needs and population problems.

Several members of your committee, government officials, and other witnesses have also stressed the importance of expanding commercial markets for American farm products and we also agree with this objective. Our industry is committed to work in this area, and I could cite many examples where our companies are investing overseas. They have invested through the years, particularly in South America; not as much yet in Asia. The fact is that the fertilizer companies and other suppliers are moving into India and Southeast Asia. There are a large number of factors which have had to be evaluated before we invest American capital in some of those countries, but we are studying it carefully. In that regard, the president of our federation Rex Edison who is a corn miller from North Carolina—many of you have met him—has volunteered to go to India for a period of 3 to 4 weeks and to work with them in establishing the first corn milling industry of any extent in India. They have a very primitive milling capacity at this time. We are going to attempt to establish some of the milling concepts that helped build our country in the South where the farmer came in with 10 bags of corn to have it ground and the miller kept one bag for service charges for the grinding. This is a step that will be a contribution in helping these people to feed themselves.

Our Asian field director Mr. Leitgen, is a corn farmer from Iowa, a graduate of Ames, and he, personally, believes that corn is the food—taking nothing away from any other commodity—that increasingly can be used to feed the world, because of the dependable yield and the quality that can be developed. This relates to the new seeds that you discussed yesterday. Mr. Chairman, that have come out of India and Mexico, both in the case of corn and wheat.

One of the major benefits of Public Law 480 has been the development of commercial markets. Many nations, which only a few years ago were recipients of food for peace and other aid programs, are today leading customers for American farm products, including: Japan, Taiwan, Korea, Israel, Spain, and several South American countries.

CSM has proven to be a very successful food. It has only been in existence for a year and a half. It is now selling at 7½ to 8 cents a pound, in 50-pound lots. It is a very low-cost, high-protein food. We feel the opportunity is tremendous in using American farm production in feeding needy people and developing markets for American business, and when you evaluate all factors, it is beneficial to everybody concerned.

We will not repeat the statistics as to world food needs with which your committee is very familiar. We would only join with you in agreeing to the urgency of this project and suggest that no program of our Nation is more vital than the wise use of food from our agricul-

tural heartland in meeting human needs and increasing political, social, and economic stability in a troubled world.

Many of my relatives are farming in the midwest, and they feel a very close identification with this program. They believe that growing food, producing corn and other grains, is more than just raising a crop as a commodity—it is an identification with the worldwide humanitarian effort that has worked so well.

The corn milling industry, in cooperation with American corn farmers, will continue to work with all interested parties in any feasible way on the vital problems of alleviating world food needs. We are increasing our efforts in various projects aimed at improving world nutrition and expanding commerce as essential elements of world peace.

Thank you.

The CHAIRMAN. We thank you very much, Mr. Tollefson.

You have made a very interesting statement.

We have two more witnesses to appear before us this morning.

Mrs. May?

Mrs. MAY. I would like to thank Mr. Tollefson for his statement on what private industry has done already and further suggestions on helping us in reaching the true and important goals of Public Law 480. We also appreciate the emphasis that your industry has given the development of cash markets for our agricultural products. I do commend all of your members, Mr. Tollefson.

Mr. TOLLEFSON. Thank you very much.

The CHAIRMAN. Mr. Purcell?

Mr. PURCELL. I certainly want to join Mrs. May in expressing my views in a complimentary way on your statement and the work that your organization has done. Would it be possible for you to get any figures to submit for the record as to the amounts of money used by your member companies or your Association in regard to the development of CSM or any other product that you have not dwelt on today that you are working on?

I feel it might be of beneficial help to the Committee if you would let us see the effort that private industry has made, in the research and development of these new products. Could you do that, please sir?

Mr. TOLLEFSON. Yes, sir, we would be very glad to do that. We do not have a total tabulation, but there have been estimates on CSM alone as an investment by several companies in the neighborhood of one and a half million dollars before any of the food was sold or used. This took courage on the part of industry, as well as on the part of the Government and the Congress to move on this. We do feel that over a period of time, the industry will receive a fair return on this. The food is very low cost. We want to keep the margin low, but the success, I think, has been such that over a period it will prove to be financially successful also.

Mr. PURCELL. Thank you.

That is all, Mr. Chairman.

(The information requested of Mr. Tollefson by Mr. Purcell follows:)

Corn milling companies and the Federation expended in excess of \$1.5 million for research, equipment, and technology prior to any sale of CSM. In addition, individual company members of the Federation have made substantial expenditures on development and marketing of high-protein foods such as the Quaker

Oats projects in South America with Incaparina, which after several years of financial losses have now proved successful and are operating in the black.

**Mr. O'NEAL.** Thank you, Mr. Chairman. I was especially interested,  
**The CHAIRMAN.** Mr. O'Neal.

Mr. Tollefson, in CSM. I did not have the opportunity of tasting it over at the House Restaurant. I noticed that it is made of corn, soy and milk from which it gets its name. Have you ever tried adding a little homogenized peanut butter?

**Mr. TOLLEFSON.** For some reason I expected that question would be coming.

(Laughter.)

**Mr. O'NEAL.** One of the things that bothers me is that they do not make much use of peanuts in Public Law 480, and it is very high in protein. I wonder if you would continue your experiments and see if you could not add a few protein nutrients in that way.

**Mrs. MAY.** Would you yield?

**Mr. O'NEAL.** Yes.

**Mrs. MAY.** I might suggest that perhaps tortillas and enchilladas could have peanut butter on them.

(Laughter.)

**Mr. TOLLEFSON.** That is very possible. I am going to turn this over to Mr. Castillo who, in addition to being a world traveler for this industry, is somewhat of a nutritionist also. I know they have done some things in India.

**The CHAIRMAN.** Are we going to have another statement?

**Mr. TOLLEFSON.** No, sir.

**The CHAIRMAN.** I want to know, because we only have 25 minutes left here with two more witnesses.

**Mr. CASTILLO.** This is with reference to the use of peanuts in CSM types of formulations. We have experimented using peanut meal with excellent results, and it is used in India for that purpose. One such operation in India uses peanut meal as its protein source. That is all I wanted to say. It is a local outfit.

**The CHAIRMAN.** Are there any further questions?

**Mr. Miller?**

**Mr. MILLER.** I am interested in your statement that since September, 1966 the Government has purchased over 400,000,000 pounds of CSM. In thinking of the total agriculture picture, what would you say that CSM would replace in the way of wheat products? Is there a possibility of it replacing some other product? What is your thinking on that?

**Mr. TOLLEFSON.** It is a big world with great need, and we feel that CSM came along at a time when, as has been indicated earlier, there was a milk shortage, of nonfat dry milk for various reasons—and I will not get into the reason for that—but CSM has been used in many areas as a milk extender, you might say a milk replacement. In several countries the result has been that they have liked it even better than anything they have had before, and I think that as the world population grows there is going to be a demand for all of these products. The only limiting factor is the imagination of industry and the efforts of American farmers to produce an adequate amount and the right kind of food and blends for the needs. Would you like to amplify that, Juan?

**Mr. CASTILLO.** There is a reason why CSM fills a particular need. There was a need for this product, because taking the worldwide situation as far as the availability of proteins is concerned, there is simply not enough animal proteins to feed all of the people who need proteins. And CSM fills a gap, an enormous gap, because it makes available in palatable form vegetable protein which these people need. Most of the people who are receiving CSM would never have the opportunity of eating animal proteins simply because of the cost and the availability factors. It really does not replace anything. It makes proteins available in palatable form to people who, otherwise, would never have gotten the protein. This has been an important part, incidentally, of the Food for Peace program's support for blended foods, in that it is a problem that they are supposed to solve, too.

**Mr. MILLER.** Thank you. That is all.

**The CHAIRMAN.** If there are no further questions—**Mr. Gathings?**

**Mr. GATHINGS.** I would like to ask a question: What is CSM derived from? How do you get it?

**Mr. CASTILLO.** It is corn, soy and milk.

**Mr. GATHINGS.** Thank you.

That is all, Mr. Chairman.

**The CHAIRMAN.** If there are no further questions; we are very much obliged to you, Mr. Tollefson and Mr. Castillo.

**Mr. TOLLEFSON.** Thank you.

**The CHAIRMAN.** We will now call on Mr. Lloyd Fairbanks, administrative assistant to President Staley, of the National Farmers Organization.

We will be glad to hear from you now.

#### **STATEMENT OF LLOYD J. FAIRBANKS, ADMINISTRATIVE ASSISTANT TO PRESIDENT STALEY, OF THE NATIONAL FARMERS ORGANIZATION, CORNING, IOWA**

**Mr. FAIRBANKS.** Mr. Chairman, members of the committee, I am Lloyd J. Fairbanks, administrative assistant to President Staley, of the National Farmers Organization, Corning, Iowa. The National Farmers Organization supports the proposed extension of the food-for-peace program (Public Law 480).

We feel that the use of the American agricultural abundance as food for peace is in the best interest of all of the citizens of our Nation, the underdeveloped countries, and all other countries in the world. Our Nation's food-for-peace program has done much to alleviate the under-nourishment, hunger, and starvation in the world. There are one-third to one-half of the people around the globe going to bed hungry every night and many millions more would be if it were not for this program. People with a somewhat adequate diet have the desire and energy to do something for themselves. People in countries where there is a minimum of hunger, and where they have been able to realize personal possessions are much more peace-loving countries than those that do not.

**Mr. Robert G. Lewis** testified before this committee yesterday and proposed a new type of transaction be authorized under title I of Public Law 480. The National Farmers Organization is one of the sponsors of this study. As Mr. Lewis said, he has not yet completed

his study, and we have not had the opportunity to review his conclusions. However, I can say that we favor the objectives that Mr. Lewis outlined in his testimony. We urge this committee, which has vast knowledge of the food-for-peace program (Public Law 480), and all other agricultural programs, to study this proposal. If this committee, and Congress as a whole, conclude that Mr. Lewis' proposal will have that result, then we hope it will see fit to amend the law accordingly.

The National Farmers Organization wishes to stress also, as Mr. Lewis said in his statement yesterday, that food-for-peace should not be viewed as a substitute for other farm programs. I would like to report what Mr. Lewis said in his statement on this point.

\* \* \* The new method proposed here for selling food and fiber under Public Law 480 is not claimed to be a substitute for other farm adjustment programs.

This is merely an extra tool—a tool that shows promise for contributing to the overall task of feeding the hungry, and stabilizing and improving the American agricultural economy.

We are confident that farmers will organize, and successfully bargain, for a price and stability in agriculture. Even with this success through collective bargaining, it is still the responsibility of the entire nation, not just farmers, to help alleviate hunger throughout the world.

We are dedicated now and in the future to support any legislation that will improve farm income, and will be beneficial to the people of our Nation.

We appreciate the opportunity to appear before you and hope that our testimony has been helpful.

**THE CHAIRMAN.** We are very much obliged to you, Mr. Fairbanks. Your testimony is helpful; we feel it is right to the point. We appreciate your statement.

Are there any questions of Mr. Fairbanks?

If there are not, we are very much obliged to you.

**MR. FAIRBANKS.** Thank you.

**THE CHAIRMAN.** We are glad to have had you back with us again.

Our last witness is Mr. William C. Paddock, coauthor of "Hungry Nations" and "Famine—1975." I am delighted to hear from somebody who is opposed to the bill, not that I am opposed to it, but I think this is good and I think that what we want in these hearings is to get differing viewpoints, and Mr. Paddock proposes to give a viewpoint against this bill.

You are very welcome; we are delighted to have you.

#### **STATEMENT OF WILLIAM C. PADDOCK, WASHINGTON, D.C.**

**MR. PADDOCK.** Thank you very much, Mr. Chairman and members of the committee.

It is a privilege to have this opportunity to explain my views on the food-for-freedom program.

Last month the former chairman of this committee, in a speech discussing the 1966 hearings on this bill, said, "Not one witness testified against the food-for-peace bill." I hope, Mr. Poage, that such a statement will not be made in the future on this hearing.

Mr. Poage has already indicated that I am against the bill.

I am against the current food-for-freedom bill.

I am not, as I indicated, against food aid nor do I advocate curtailing food shipments.

But I am against the current bill because there is no evidence that its contribution towards combating hunger and malnutrition will be any greater than its predecessor—and that has been minimal. I am also against the bill because it is not being considered as a part of an overall, coordinated U.S. attack on the world food/population crisis.

My views are derived from my experience during the last 18 years living and working as a trained agriculturist in the developing countries.

My first article on the food problem, entitled "Can We Make the World Feed Us All?" was written in 1952 for the Saturday Evening Post at a time when this committee was deliberating on whether or not to send India 2 million tons of grain. Most of my writing has been with my brother who is a retired Foreign Service officer of the State Department with more than 20 years of living in the developing countries of Asia, Africa, and Latin America.

I was at one time in charge of the Iowa State College tropical research program in Guatemala where for 5 years I was primarily a corn breeder. For another 5 years I headed the Pan American School of Agriculture in Honduras, a school which draws its students from most of Latin America. As head of the Latin American Affairs of the National Academy of Sciences I was largely concerned with attempting to create regional agricultural research centers in the tropics. I speak to you, then, as a result of this background, not as a representative of any group with vested interests in the food for freedom bill; that is, farm or church groups or a segment of the agribusiness community.

The bill today has two changes which make it quite different from the original 1954 Public Law 480.

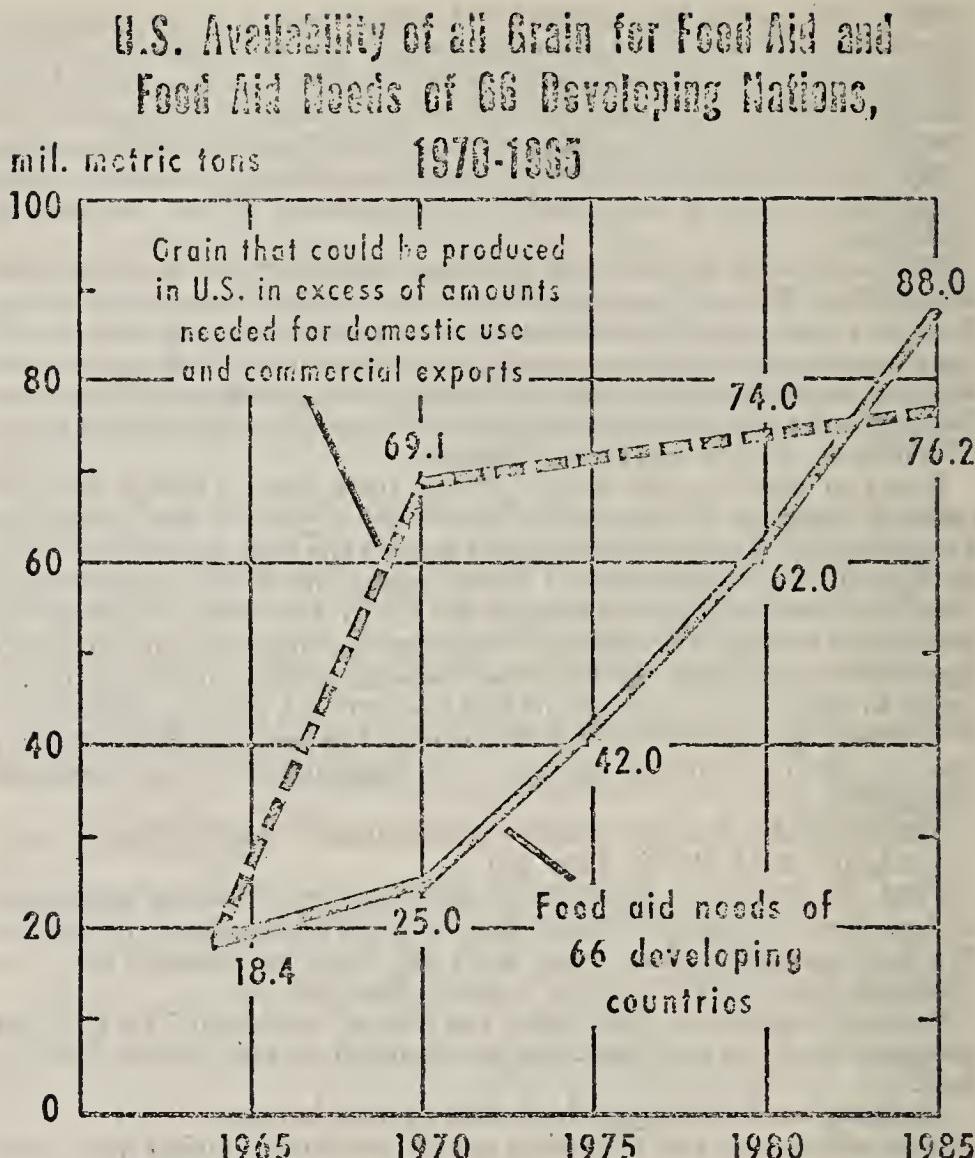
First, in 1966 our agricultural surpluses were nearly exhausted and no food for peace bill could thus be based on surplus commodities. We had essentially done away with our farm surpluses. Therefore, Congress removed the surplus concept from the bill.

Second, Congress in 1966 added the idea of "self-help." By then the program needed a new look. Let me comment on this new "self-help" look.

In 1966, we were losing the battle against hunger.

You will recall the following graph presented during your 1966 hearings:

(The graph referred to follows:)



Mr. PADDICK. I think you all have a copy of this chart that Secretary Freeman presented to the group at that time.

At those hearings the Secretary of Agriculture said that "the point at which the lines cross signifies the onset of disaster. By 1985 there would be no way to fill the (food) gap."

The information given this committee then was that Public Law 480 was not doing much of a job in alleviating the world food problem. In fact, the Secretary said, "the world situation in terms of food needs is much more alarming today than it was 12 years ago," or, in other words, before passing Public Law 480 in 1954.

Thus, if Public Law 480 was to be continued in 1966, it had to have a new look.

Self-help is that look.

There was, and is, nothing new about self-help. Our foreign aid efforts have always attempted it. For example, the Public Affairs Institute in 1950, writing about President Truman's point 4 program, pub-

lished a booklet entitled "Helping People Help Themselves," which had a section entitled "Self-help in the Sub-continent," or in India.

I have gone through the 1966 hearings of this committee and find that while you attempted to learn what was new about self-help, you never had a specific answer. Furthermore, I have read the publication which was presented to this committee as evidence that self-help is the key to success in feeding the world. But in that publication, "Changes in Agriculture in 26 Developing Nations 1948-1963" (Foreign Agricultural Economic Report No. 27, Economic Research Service, U.S. Department of Agriculture), I find no such evidence.

I see undefined self-help as no criterion for separating those countries which should, from those which should not, receive our aid. For I know of no country on this planet which does not wish and does not attempt to help itself. Certainly, though, few countries are completely successful in using sound judgment as to how to develop their agriculture, our own included.

In 1966 the world agricultural situation was black.

However, the last 2 weeks the Department of Agriculture has released statements which appear to give a much brighter picture of the future, a statement by Secretary Freeman a couple of weeks ago, by Dr. Lester Brown, Administrator of the International Agricultural Development Service, and another publication—the annual World Agricultural Situation Report—which I do not have with me but which you, probably, will hear about tomorrow when Mr. Freeman testifies.

These statements are based on the crop yields of 1967-1968. Those yields resulted from last year's unusually good to excellent climatic conditions which occurred throughout the grain-deficit countries of Europe, west Asia, Latin America, and in India, Pakistan, and mainland China.

The fact that Mexican wheats and Philippine rice varieties were grown on some 16 million acres this past year is encouraging. However, I have seen no data which directly relates the use of these new varieties to this year's agricultural increases. The growing climate that God gave most of the food deficit areas this past year has been far and away the dominant factor. Certainly, no one will say—for time has been too short—that the self-help aspect of this bill has had an impact on the current statistics.

Use of new seed varieties brings hope.

A hungry nation's increasing investment in its agricultural development brings hope.

CSM brings hope.

Coca-Cola bottling a protein-rich drink brings hope.

The success of the Hong Kong soft drink, Vitasoy, brings hope.

These are hopes that should not be ignored.

I pray that they become something much more than hopes.

But let us accept them for what they are; hopes.

Remember that it was only last summer that the Director-General of the U.N. Food and Agriculture Organization said that per capita "food production in the developing countries is estimated as more than 4 percent less in 1966 than in the peak year of 1964 and lower than in any year since 1957." Last month, just 2 weeks ago, the same organization said that "the world shortage of rice is worsening."

Current releases from USDA, however, stress the record-high 1967 agricultural production and show that the hungry nations increased per capita agricultural production by 5 to 6 percent above the 1966 levels. If this is true, and I hope that it is, this still will not bring the per capita level up to the 1964 level—a year when growing conditions were good but not, apparently, as good as last year. In talking of India's current bumper crop, I note that the 1967-68 harvest will not be completed until this coming May and thus today we do not really know what that harvest will be.

Let me say that I hope the optimism that we are now hearing on the world food situation is correct.

But do not base a multibillion-dollar program on hopes. Base it on facts and if you do not have the facts, wait until you do.

If this committee believes that the world agricultural picture has changed since it held hearings on this subject in March of 1966, I suggest that you consult the report on the world food supply issued 10 months ago by the President's Science Advisory Committee.

You all have copies of this.

That group's first finding was that "the scale, severity and duration of the world food problem are so great that a massive, long-range innovative effort unprecedented in human history will be required to master it." Even though that committee said that money was not the most serious limiting factor—scientific, technical and managerial skills were—the solving of the world food problem would require more than \$12 billion more capital investment than was being spent in the developing countries in 1965. To achieve such expenditures would "require capital and technical involvement of developed and developing nations alike on a scale unparalleled in the peacetime history of man."

Is any nation ready for such an effort?

Certainly ours is not. I have been told that at this moment our Agency for International Development is cutting back by 25 percent its agricultural programs. The office of the war on hunger, the office which is supposed to plan and coordinate our agricultural abundance in the fight for enough food, sits now under a cloud of doubt. Last weekend most of the staff of the office of the war on hunger was moved out of the New State Department Building—where, at least by simply being housed there, the staff had a degree of prestige—to something called SA-10 which, I think, is a converted old veterans' hospital.

I know of no technically qualified agriculturist who believes that current efforts being undertaken will, in the long run, solve the food problem.

At the most, the programs buy us a bit more time to get the population problem under control. Here again, though, current efforts are not going to do the job. While great progress has been made in our being able to publicly discuss birth-control techniques, there is no evidence that man can successfully control the population explosion in the developing world—testimony on Korea, Japan, Taiwan, Hong Kong notwithstanding.

What progress is being achieved in India is minuscule when related to the task that is required. I hope you saw the story in this morning's Washington Post on this. In the discussions by the Indian Government on the number of vasectomies being performed, the IUD insertions,

and family planning clinics being established, we do not hear the successes by that Government in lowering the death rate—which is being done much more quickly than is the lowering of the birth rate. This means that the population explosion of India could well increase rather than decrease in the next 15 years. That is, of course, if famine does not first take its toll.

In all of our preoccupation with Asia today, do not overlook what is happening in a number of countries whose strategic importance at the moment may not measure up to that of a country such as India.

Prosperous little Costa Rica as well as the politically racked Dominican Republic, for example, will double their populations in less than 18 years. It is highly unlikely that they can double their agricultural production in that length of time. I mention this only to show that the demands on our agricultural production may very well increase in the future, rather than decrease; and that the demands will come not only from the countries that now concern us—such as India and Egypt—but from new areas as well.

Therefore, since there is still no evidence that the undefined “self-help” feature of the current bill will increase the effectiveness of our food aid program and since the optimism on the world food needs which we now sometimes hear is based on hope, not facts, I urge the committee not to pass a 3-year bill.

I urge, instead, a 1-year bill.

I further urge that this committee provide funds so that it may undertake, during the coming year, a study which will attempt to plan how our great agricultural capacity can be used most effectively in a long-range effort aimed at achieving world food self-sufficiency and stability.

President Johnson, when he proposed extending the food-for-freedom bill, said that it was a “lifeline of hope to the needy of the world.”

Why should it be only for the needy?

It should, instead, be considered a basic tool for achieving world stability.

In other words, it should be a lifeline of hope for everyone in this world.

The study which I urge you to make should attempt to coordinate the agricultural productivity of our Nation with all of our foreign policies, obligations, and commitments. It is self-deceiving for this committee to increase or even extend food aid in the belief that it is helping to solve the world food problem when, at the same time, Congress cuts back on our other foreign aid commitments, forcing the Agency for International Development to curtail its agricultural development programs.

How do we coordinate the objectives of our food aid program with the needs of our U.S. farmers? This question was asked by your chairman this morning.

How do we prepare ourselves so that we are effective in the event that the future world food needs become much more rather than much less severe?

If our food aid is buying us time in which to solve the population problem, how much time can we buy?

These are some of the questions which your study should resolve during the coming year. Only when these and similar questions are resolved, will food aid play a successful role in the fight against hunger.

The CHAIRMAN. You have made a very interesting and I think thought-provoking statement. We appreciate it, whether we agree with you or not. I do not agree with all of it, but I think what you have said needs to be said to this committee in raising these questions that you have raised.

If I understood you correctly, you have a great deal more confidence in study commissions than I have.

[Laughter.]

The CHAIRMAN. You apparently believe that we should have a committee to study this for another year and that that will result in a report such as you have quoted. I do not think that you have much confidence in the Commission's recent report, and I do not think that the creation of another one will get any different results. That is the way we generally do it. We start out with what results we want to approve, and then we form a commission to go out and prove our position. I think we might just as well consider what the opposition is right here in the open, rather than to appoint a commission or committee to go out and bring in the recommendations that we want.

Mr. PADDICK. I believe we all know what is needed, and I think that you are very correct in this. I think that this committee needs to establish this, since it knows what needs to be done. We cannot have three or four different objectives in our foreign aid program and, also, three or four different programs, with all trying to zero in on varying objectives. If we do, how can our foreign aid program be an effective one? What I fear is that if we continue as we have in the past, Mr. Chairman, we will end up 10 years from now having frittered away nearly \$15 billion worth of additional food aid. This is, in essence, what the Secretary said we had done 2 years ago. We have gotten rid of our surpluses without achieving the basic goal. We cannot continue in this way. I, for one, would like to see the agriculture potential of this country used far more effectively than it has been in the past. If it does not take a committee or a commission to do this, fine. I really believe that everyone knows what needs to be done.

The CHAIRMAN. There is one other point that I would like to discuss very briefly. You are of the opinion that there are many nations of the world that are going to face very severe famine in the very near future, and that there are some of them where it will be so bad that there will be no need of going to their rescue because we will not be able to put out the fire and that we will simply waste our resources and not be able to help in other places where we could help.

Mr. PADDICK. That is correct.

The CHAIRMAN. I was wondering whether you felt there was any real relationship between the inability of nations to feed themselves and the refusal of nations in the world to pay the farmers enough for their products to enable them to produce?

Mr. PADDICK. In the developing countries?

The CHAIRMAN. Yes, everywhere, in the United States and every other country.

**Mr. PADDICK.** Well, there are two different problems there. Let me speak concerning the developing countries. This, of course, is an important factor. If you raise the price of the commodity, the farmer is able to pay for his fertilizer and other inputs. However, when you do this, you raise the cost of living for the rest of the people in the country; you raise the cost of living in the urban population, and that is the segment with which most of these governments are more concerned. As the cost of living goes up, you are going to have a reaction.

It is fine to increase the price to the producer if the people can pay it.

I say, Mr. Chairman, your suggestion is just one of several which are needed to get the agriculture in these countries moving—just one of several.

**The CHAIRMAN.** Well, now, let us see if we are thinking along the same wavelength. Do you know of any of these developing nations or developed nations that can us modern techniques without a greater return from their agriculture?

Can you pay for the use of modern technology on the present price level?

**Mr. PADDICK.** In the developing countries?

**The CHAIRMAN.** Anywhere.

**Mr. PADDICK.** Well, no; of course, the farmer has to have a sufficient return, and we know very well in this country what that return is. We have the technology. If the price is right, our farmers will put it into practice.

In the developing world, there is a question mark here: Does the technology exist? Some of the technology does exist; some does not.

In Central America, for instance, right now, they are using only a small part of their fertilizer-production capacity. Why? Because the price of fertilizer is too high, or you can say that the price of the commodity is too low.

Or one can say that we do not know how to use the fertilizer effectively.

The technology, the research has not been carried out which will show the Central American how to use the fertilizer within his price structure. There has been virtually no research carried on in this field.

There are several factors involved here. I do not know whether I have confused the issue there or not.

To answer it another way, I do not see that we can make enough progress in this area to achieve success in the years remaining in a number of areas of Asia, Africa, and Latin America.

**The CHAIRMAN.** I do not want to consume all of the time.

May I ask one more question?

You are familiar with the situation in India. I would like your judgment on whether you think that cotton is economical as a crop for the Indian farmer—and by that I mean compared with American standards. They produce about 18 or 19 percent of what we do per acre; on the other hand, they produce about 45 percent as much wheat per acre as we do, and rice; I think it is about the same as wheat.

I will ask you to compare the American standards with that. Do you see a proper place for a large acreage crop of cotton in India?

**Mr. PADDICK.** Well, Mr. Chairman, every country wants to be self-sufficient. This is one of the problems. Whether they can produce cotton efficiently or not, they will want to produce it for their own satisfaction.

The CHAIRMAN. They will have to increase their dependence on other countries for their wheat and rice supplies to the extent that they divert that land to cotton production; will they not?

Mr. PADDOCK. I would think so. At the moment, of course, India is very optimistic on its status as far as food production is concerned. I wish myself that we had perhaps cracked the whip on our food aid back in the fifties when Nehru was undertaking his industrialization program and knew that he could fall back on the abundance of our Middle West. If, in 1952, 1953, 1954, and 1955, India had started the programs she is now cranking up, India would not be in the jam that she is in today and we might not be feeding, as we have the past 2 years, 60 million Indians.

The CHAIRMAN. Thank you, Mr. Paddock, I would be delighted to continue the discussion for a long time, but I know that others want to ask you some questions.

Mrs. May?

Mrs. MAY. I do not like what you have said; I do not like what you say at all. It depresses and it worries me; it scares me. But I am intelligent enough to know that I had better listen to what you say. I felt that way when I read your book some time ago.

I can only say, in comment, that a few years ago I proposed, and this committee adopted, an amendment to Public Law 480 whereby we established an advisory committee. Members were to be the Secretary of State, Director of the Bureau of the Budget, Secretary of Agriculture, and the Administrator of AID. Also members—chairman and ranking members of the House and Senate Committees on Foreign Affairs, and Committees on Agriculture. They had the responsibility of getting together to discuss just what you have been discussing with us today, and to try to reach a policy position on these problems. I do not recall that, 2 years later, it has met. I would like to say that after I heard you speak at one time I sent you an invitation to speak to the Agriculture Committee and the Committee on Foreign Affairs. The chairman of both committees agreed that it would be a good idea. I hope that we can act on this before it is too late.

Our distinguished colleague, Mr. Purcell, of Texas, often uses the phrase, "We should get caught trying." This applies here.

I am well aware of all of the problems we have in trying to get farther down the road toward a really meaningful and effective food aid program. But I do not agree that we should drop Public Law 480—the present effort we have before us. We must keep it going until we finally come up with a better answer.

I also disagree when you say that everyone knows what the problem is. I think that your book, and other articles I have read, have alerted a part of the public to this problem. But I do not think there is enough general understanding of how immediate and urgent possible world famine problems are. Until that general public awareness comes to us, it will be true, as the chairman said, that no committee, no study or advisory group, will do what they should do, and face up to the situation.

I thank you for your statement. I do not thank you for making me so despondent, but I think you for the statement.

The CHAIRMAN. Mr. O'Neal.

Mr. O'NEAL. I have one question, and maybe a second one—I do not know. Did I understand you to say that if we did concentrate all of our efforts on Egypt, for example, and if we pulled them through, that then they could establish their own Public Law 480 programs to help us with the rest of the world?

Do you think we could do that?

Mr. PADDOCK. I think you could imply that from what I said, yes; but I do not believe it, no. I was merely saying that we could not help all of the countries. We are going to have to make choices as to which countries we help and which countries we do not help. I would like to see the choices made on the basis of pulling through countries which can shoulder this burden, which would not, in my opinion, be Egypt.

Mr. O'NEAL. If you do not think that Egypt could, can you suggest one that you think would?

Mr. PADDOCK. I indicated Pakistan might be able to.

What Pakistan can do cannot necessarily be done by India. Pakistan has a potential which India does not have. To pull Pakistan through is going to be a major chore.

Mr. O'NEAL. Do you think that Pakistan, after they were pulled through, would adopt their own Public Law 480 to help us with the rest of the world?

Mr. PADDOCK. Well, let us say that I would hope they would shoulder some of the burden in their neighborhood. Certainly, there is no one who can today.

Mr. O'NEAL. None of your testimony here today is such that we could base our program upon—that is, these are not facts but hopes; is that right?

Mr. PADDOCK. That is right. If we undertake zeroing in our resources necessary in a major effort to make a country able to feed itself, then we should first obtain in return, for our help a guarantee that when they are able they will shoulder their share of the burden.

Mr. O'NEAL. Thank you. No more questions, Mr. Chairman.

The CHAIRMAN. Mr. Gathings?

Mr. GATHINGS. You have referred to the failure of the monsoon in India. As a result they had a production of 63 million tons of grain in 1 year and the year before they only grew 67 million tons, whereas the average has been around 80 million tons. The current estimate, as given us yesterday by Dr. Lewis who just returned within the last week from India, was to the effect that they were going to grow about 100 million tons this year.

Mr. PADDOCK. That is right.

Mr. GATHINGS. I do not know whether self-help had a great deal to do with that or not. In any event, they are moving up into better production; they are getting more out of their acreage in yield and it will help to feed hungry people. Self-help may or may not have had anything to do with that.

I cannot understand your views though, by saying that what we need to do is to study this matter a while and just forget about what we have been doing, because you say that the Secretary of Agriculture 2 years ago here, 1966, said that 15 years had been wasted, nothing accomplished. The first Public Law 480 was enacted 15 years ago. During that 15-year period of time, are we not better off today in

feeding these hungry people? Would they have been in worse shape had they not been fed—or had not Public Law 480 been on the statute books for these 15 years?

Mr. PADDICK. There are many who feel that India would be better today if she had not received that food.

Mr. GATHINGS. Do you feel that way about this aid we have provided?

Mr. PADDICK. Yes, I do. It would have forced India fifteen years ago to recognize the value of putting more money into agricultural development.

Let me say this: My experience in agriculture in the developing world has been long. In 1964, my brother and I published "Hungry Nations" which was very well received. It was a plea for the developing countries and those countries giving aid to emphasize agriculture. When the book came out, you cannot imagine the lack of interest there was in agriculture and agriculture development among the development experts.

What is the concern today?

It is over agricultural development in the developing world. This concern has not come through any wisdom on the part of any Government committee that I know of, no wisdom on the part of administration; no wisdom on the part of our scientific community, our agriculturists. It is the result of one thing only: the threat of famine in India. That is what has done it.

If we had had a similar threat of famine in India in 1954, I am quite confident the world would be a different one today, because the world would have knuckled down in 1954 as it is now trying to do. But look at the situation in the world today, sir. It is quite different than it was in 1954. We have infinitely more people. India is now adding to its food population by 1 million mouths a month.

Mr. GATHINGS. But you think that the best thing to do is to forget Public Law 480 and not extend it at all?

Mr. PADDICK. I said to extend it for 1 year, during which time we should try to figure out how to make it more effective. Then, extend it for 3 or 10 or 20 years, but let us have a coordinated effort. We have here this committee considering extending food aid to the world for the principal purpose of helping the world feed itself, while on the other hand, we have another group in Congress cutting back appropriations for our foreign aid programs.

Mr. GATHINGS. Let me ask you this: It is your view that we stop this work on Public Law 480 but to get over there in the other committee and go to work on AID; is that what your testimony is?

Mr. PADDICK. I would like to see the efforts coordinated. If it can be done that way, fine. There are several ways of coordinating this effort, but it has to be coordinated. We have to zero in on the target.

Mr. GATHINGS. So what you are alarmed about is a reduction in the funds for AID; is that what you are wanting?

Mr. PADDICK. No, sir; that is not it. My basic alarm is that we are moving into a period in the world where much of the world will be facing a time of famines. The United States has a tremendous agricultural potential which can play an important part in bringing that world through that time of famines. But we are not organizing ourselves so that our agricultural potential can be effective when the

famines come. To succeed, we cannot have several programs involving agricultural development in the world going off in different directions. If we do we will fritter away our resources. We need to zero-in. And this we are not doing.

Mr. GATHINGS. That is your attitude?

Mr. PADDICK. Yes, sir.

Mr. GATHINGS. Thank you.

That is all, Mr. Chairman.

The CHAIRMAN. Are there any other questions?

Mr. Wampler?

Mr. WAMPLER. I believe that Taiwan and Israel have programs trying to help other emerging developing countries; is that not true?

Mr. PADDICK. Yes, sir.

Mr. WAMPLER. Do you have any suggestions as to how we might get other nations to help undeveloped emerging nations?

Mr. PADDICK. Well, we do not have many countries other than those in Western Europe which can help. Those two countries, Taiwan and Israel, had a tremendous amount of foreign aid. If we were to give, for instance, on a per capita basis, the same amount of aid to India as we have to Taiwan, we would have to make a \$120 billion investment in India.

Mr. WAMPLER. I do not agree with your entire statement, but I do find some rather interesting statements in it. For example, I, too, see a great deal of inconsistency in our foreign aid in the matter of armaments and the like. It is my feeling that we want to do everything we can to help feed hungry people, but the point you make is valid in that there is a lack of coordination. I would like to see Public Law 480 help feed hungry people in the world.

Mr. PADDICK. Remember, there will always be more hungry people—more every year.

Mr. WAMPLER. I heard on television this morning that the population of Red China is almost 50 million more than it was last year.

I appreciate your statement and your comments. Thank you.

That is all, Mr. Chairman.

The CHAIRMAN. If there are no further questions, we are very much obliged to you, Mr. Paddock.

Mr. PADDICK. Thank you very much.

The CHAIRMAN. We appreciate your stimulating and interesting statement.

That completes the list of witnesses for this morning.

The Committee will meet tomorrow morning at 10 o'clock.

(Whereupon, at 12:30 p.m., a recess was taken until 10 a.m., Friday, March 8, 1968.)



## EXTENSION OF PUBLIC LAW 480

FRIDAY, MARCH 8, 1968

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON AGRICULTURE,  
*Washington, D.C.*

The committee met, pursuant to recess, at 10:10 a.m., in room 1301, Longworth House Office Building, W. R. Poage (chairman) presiding.

President: Representatives Poage, Gathings, McMillan, Abernethy, Stubblefield, O'Neal, Vigorito, Nichols, Belcher, Teague of California, Goodling, Mathias, Mayne, and Zwach.

Also present: Christine S. Gallagher, clerk; William C. Black, general counsel; Hyde H. Murray, assistant counsel; and Fowler C. West, assistant staff consultant.

The CHAIRMAN. The Committee will come to order.

We want to conclude these hearings today if we can. We have several witnesses this morning. The Secretary of Agriculture is scheduled to appear at 11 o'clock, and the Chair feels that we should hear him at the time scheduled.

The Committee is in session this morning for the further consideration of the extension and possible modification of Public Law 480.

The first witness this morning is Dr. William E. Moran, vice president, International Economic Policy Association, Washington, D.C.

Dr. Moran, we will be glad to hear from you now. We do not want to rush anybody, but I think we should try to keep in mind that we wish to hear all of the witnesses who are scheduled to be before us this morning.

### STATEMENT OF WILLIAM E. MORAN, JR., VICE PRESIDENT, INTERNATIONAL ECONOMIC POLICY ASSOCIATION, WASHINGTON, D.C.

Mr. MORAN. Mr. Chairman and members of the committee, the International Economic Policy Association represents a group of American international business corporations vitally concerned with the success of our foreign economic policies, in the interest of free world security and prosperity, and in the advancement of the concepts of private ownership of property and private enterprise as the best means toward economic and social development and the raising of the standards of living of all peoples.

### SUPPORT FOR OBJECTIVES OF THE PRESIDENT

The International Economic Policy Association is in full accord with the basic objectives of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480) and the proposal that it should be extended for a 3-year period. We understand these objectives to be the relieving of hunger and malnutrition, the fostering of

economic development through food aid, assisting U.S. farmers to market their commodities through both commercial and food aid channels, and a furthering of specific U.S. foreign policy objectives. Public Law 480 has proved itself a vital and flexible instrument in working toward these objectives. At this time, when the United States is suffering from such serious balance-of-payments deficits, this is a most appropriate instrument since it involves a transfer of real resources rather than money. So long as it is managed so as not to interfere with normal marketings, it makes possible the provision of substantial assistance to less developed countries without an adverse effect on the U.S. balance of payments. For all of these reasons, the association has given and will continue to give its full support to this program.

History will surely judge this undertaking not merely as an act of self-interest on the part of the United States, but also as an act of true generosity for the benefit of mankind. The world's judgment today can hardly be different. The food for peace program is one of the most effective methods we know for projecting a positive American image in foreign lands.

In his message on agriculture, President Johnson emphasized the urgency of combating hunger and called for the United States to continue to lead the world in the war against hunger. He reiterated the need to shift from foreign currency to dollar sales to improve our balance of payments. We heartily support these objectives. He also noted the need for the cooperation of other nations in meeting this problem. While here we also agree, we cannot help but note the limited extent to which other developed countries have been prepared to share this burden. Despite our willingness to meet nearly half of the costs of a world food program under the United Nations, other countries have not come forward with pledges sufficient to meet the relatively small targets set for that program since its inception in 1962. Unfortunately, most food surplus countries are intent upon earning all they can and would rather sell for cash to Communist China than provide food to India on concessional terms. Therefore, while the objective of world cooperation is highly desirable, its early attainment is doubtful.

In no other area of human endeavor has there been a better demonstration of America's technical competence, matched in equal measure with generosity, to assist needy countries than in food production and distribution. In no other field has there been a better demonstration of progress under conditions of private ownership and incentives than in agricultural production in the United States. This knowledge we must make available to the rest of the world.

We fully agree with the President in his conclusion that ultimately the world's need for food must be met by self-help measures. There will not long be enough surplus capacity in traditional food exporting countries to meet the needs of a growing world population. We also agree that the channels of private trade should be used to the maximum practicable extent in procuring and handling agricultural commodities for use in this program, as provided in sections 103(e) and 107 of the Food for Peace Act of 1966.

## PUBLIC LAW 480 AND THE BALANCE OF PAYMENTS

The United States has sustained serious balance-of-payments difficulties for many years as a result of the very heavy expenditures in meeting its foreign commitments. Every effort must be made to expand our earnings of hard currencies to reduce these deficits. The program here proposed is not one for the disposal of surplus food. The agricultural commodities supplied under this program will be bought and paid for by the United States to the tune of almost \$1.5 billion this year. It is, therefore, important that, to the maximum extent possible, the recipient countries pay in dollars or convertible local currencies within a reasonable period of time.

Section 103(b) of the Food for Freedom Act of 1966 called upon the President to "take steps to assure a progressive transition from sales for local currencies to sales for dollars \* \* \* at a rate whereby the transition can be completed by December 31, 1971." Provision was made that dollar sales should be made on terms not to exceed 20 years with a grace period of not more than 2 years. This same section made provision for sales for convertible local currencies on the same terms as those provided for in section 201 of the Foreign Assistance Act. (The terms of such loans have ordinarily been 40 years with a 10-year grace period.) Provision was also made in section 103(k) of the Food for Peace Act of 1966, requiring where practicable, that 5 percent of the purchase price of any agricultural commodities sold under title I be paid on delivery in dollars or foreign currencies convertible into dollars.

Efforts to meet this requirement have not to date had such success as to indicate any probability that all or most sales will be shifted to dollars by December 31, 1971. Tables I, II, and III show sales made for local currency, convertible local currency credit agreements, dollar credit agreements, and initial payments on delivery during calendar year 1967. Dollar agreements came to a total of \$139 million and convertible local currency agreements came to \$152 million for a total of \$299 million compared to dollar credit agreements in 1966 of \$311 million, while local currency sales came to \$912 million compared to local currency sales of \$1 billion in 1966. Payments on delivery in dollars or convertible currencies in only one case exceeded the 5 percent figure and no such payments were made in connection with convertible local currency sales. This does not suggest that it has yet been possible so to administer the program as to increase its contribution to the solution of the balance-of-payments problem.

TABLE I.—FOOD FOR PEACE  
CALENDAR YEAR 1967 LOCAL CURRENCY AGREEMENTS FOR SALES OF U.S. AGRICULTURAL COMMODITIES  
[Dollar amounts in millions]

Country	Date, 1967	Market value <sup>1</sup>	Total CCC cost	Initial payment (percent)	Percent			Uses of foreign currency
					U.S. use	104(e) Cooley loans	104(f) economic development	
India	Feb. 20	\$135,000	\$140,20	0	8	5	5	87-percent loans. 65-percent loans.
Ghana	Mar. 3	5,480	6,80	0	20	15	10	70-percent loans.
Vietnam	Mar. 13	47,400	50,10	0	100	100	10	74-percent grants. 65-percent loans.
Tunisia	Mar. 17	10,388	10,833	1.2	20	6	6	70-percent loans.
Korea	Mar. 25	47,380	68,20	0	20	15	15	75-percent loans.
Ghana <sup>2</sup>	Apr. 6	1,540	1,68	0	20	10	10	70-percent loans.
Morocco	Apr. 20	5,630	6,103	3.0	20	5	5	65-percent loans. 75-percent loans.
Pakistan	May 11	32,800	34,20	0	20	5	5	12-percent grants.
Sudan	June 3	11,450	11,45	5.0	20	5	5	75-percent loans.
India	June 24	87,800	90,10	0	8	5	5	87-percent loans.
Vietnam <sup>2</sup>	July 26	2,200	—	—	100	—	—	—
Pakistan	Aug. 3	85,500	87,60	0	8	5	5	57-percent loans. 30-percent grants. 70-percent loans.
Israel	Aug. 4	13,800	13,80	0	25	5	5	87-percent loans.
India <sup>2</sup>	Sep. 12	67,500	67,50	0	8	8	8	80-percent 104(c) grants. Do.
Vietnam <sup>2</sup>	Sep. 21	90,000	90,00	0	20	20	20	—
Do <sup>2</sup>	Oct. 24	4,600	4,60	0	20	15	15	65-percent loans. 70-percent loans.
Ghana <sup>2</sup>	Oct. 27	2,460	2,46	0	20	10	10	80-percent loans.
Morocco	Nov. 30	12,470	12,63	3.0	20	10	10	2-percent 104(h) grants. 50-percent 104(g) grants.
Tunisia	Nov. 6	10,380	10,46	2.5	8	10	10	—
China	Dec. 12	37,500	37,50	1.0	50	—	—	—
Ghana <sup>2</sup>	Dec. 18	0,740	0,74	0	20	15	15	65-percent loans. 53-percent loans. 25-percent grants.
Pakistan	Dec. 26	31,400	32,10	0	8	9	9	87-percent loans.
India <sup>2</sup>	Dec. 30	168,600	172,80	0	8	5	5	—
Total		912,018	951,856	—	—	—	—	—

Source: Individual agreements in "Treaties and Other International Acts Series."

<sup>1</sup> Including ocean transportation.  
<sup>2</sup> Amendments or supplements to previous agreements.

TABLE II.—FOOD FOR PEACE

CALENDAR YEAR 1967 CONVERTIBLE LOCAL CURRENCY CREDIT AGREEMENTS FOR SALES OF U.S. AGRICULTURAL COMMODITIES

Country	Date (1967)	Market value <sup>1</sup> (in millions)	Total CCC cost (in millions)	Terms of payment				
				Initial payment	Grace period		Final payment	
					Years	Percent	Years	Percent
India	June 24	\$24.200	\$27.30	-----	10	1	31	2½
Afghanistan	July 19	4.340	4.87	-----	10	1	31	2½
Pakistan	Aug. 3	23.400	26.60	-----	10	1	31	2½
India <sup>2</sup>	Sept. 12	19.000	21.00	-----	10	1	31	2½
Indonesia	Sept. 15	19.500	19.50	-----	10	1	31	2½
Guinea	Oct. 18	3.420	3.51	-----	6	1	25	2½
Indonesia <sup>2</sup>	Nov. 1	1.300	1.33	-----	10	1	31	2½
Indonesia <sup>2</sup>	Nov. 9	.260	.26	-----	-----	-----	-----	-----
Indonesia <sup>2</sup>	Nov. 22	1.550	1.75	-----	10	2	31	2½
Pakistan	Dec. 26	8.700	8.90	-----	10	1	31	2½
India <sup>2</sup>	Dec. 30	46.900	53.90	-----	10	2	31	2½
Total		152.570	168.92	-----	-----	-----	-----	-----

<sup>1</sup> Including ocean transportation.<sup>2</sup> Supplements or amendments to previous agreements.

Source: Individual agreements in "Treaties and Other International Acts Series."

TABLE III.—FOOD FOR PEACE

CALENDAR YEAR 1967 DOLLAR CREDIT AGREEMENTS FOR SALES OF U.S. AGRICULTURAL COMMODITIES  
[Dollar amounts in millions]

Country	Date (1967)	Market value <sup>1</sup>	Total CCC cost	Terms of payment				
				Initial payment	Grace period		Final payment	
					Years	Percent	Years	Percent
Congo	Mar. 15	\$6.050	\$9.33	-----	2	1	19	2½
Tunisia	Mar. 17	3.393	3.393	1.2	2	1	19	2½
Congo <sup>2</sup>	Apr. 6	2.520	2.73	-----	2	1	19	2½
Morocco	Apr. 20	5.908	6.596	3	2	1	19	2½
Iceland	June 5	1.252	1.45	5	-----	-----	18	4½
Congo <sup>2</sup>	June 26	0.850	0.85	-----	2	1	20	2½
Israel	Aug. 4	13.800	13.8	-----	2	-----	19	2½
Brazil	Oct. 5	35.950	35.95	5	1	2½	20	2½
Liberia	Oct. 23	0.850	0.85	5	2	1	19	2½
Ceylon	Oct. 25	9.970	10.86	-----	2	1	19	2½
Morocco	Oct. 27	13.190	13.74	3	2	2	19	2½
Tunisia	Nov. 6	11.330	11.81	2.5	2	1	19	2½
Congo <sup>2</sup>	Dec. 11	13.400	13.82	-----	2	1	19	2½
Do <sup>2</sup>	Dec. 21	0.570	0.57	-----	2	1	19	2½
Paraguay	Dec. 22	2.400	2.63	5	-----	-----	19	2½
Chile	Dec. 29	17.600	18.39	10	-----	-----	19	2½
Total		139.033	146.769	-----	-----	-----	-----	-----

<sup>1</sup> Including ocean transportation.<sup>2</sup> Amendments or supplements to previous agreements.

Source: Individual agreements in "Treaties and Other International Acts Series."

Mr. MORAN. Payments on delivery were minimal. Not only were the total of dollar and convertible currency credit agreements less in 1967 than sales for dollars in 1966, but the convertible local credit agreements, with but one exception, were for 40-year terms and 10-year grace periods. This means that they cannot be expected to make any contribution to the improvement in our balance-of-payments situation at any early date, if at all.

Credits for foreign aid on the softest development loan terms are hardly credits at all. Under such circumstances, "sales" of commodities

take on more the character of grants. After 10, 20, 30, or 40 years the disposition, willingness, or ability of most of the countries to repay massive amounts of convertible local currencies for food consumed long ago would be problematical. It is, therefore, hardly realistic to think of convertible local currency sales on such terms as a real way station to commercial sales.

The United States is confronted with an immediate balance-of-payments problem which requires that we secure as much in dollars or hard currency income as we can from every source. This need cannot be satisfied through conversion from local currency sales to convertible local currency sales on a 40-year basis with 10-year grace period.

Long-term loans of this nature, under which no payment need be made during the first 10 years, provide the recipient with needed commodities without the need for payment in hard currencies. The hard currency earnings they would have had to use are thus available to them to meet other needs. All too often an important part of such needs is to repay other "aid donors" who have insisted on hard-credit terms. India is a good example. From 1946 until the end of 1966 we had provided aid to India in the amount of \$6,769 million. One billion five hundred and three million dollars was in the form of grants. Five billion two hundred and sixty-five million dollars was in the form of so-called loans. Over the entire period the total repayment on these loans, interest and principal payments, amounted to \$528 million. While we were thus providing resources to India, other members of the aid-India consortium were acting quite differently. The largest donors were Germany, France, Italy, and Japan. Germany, even with recent softening of loan terms, had an average rate of interest of approximately 4.3 percent and almost half of her loans were for terms of 1 to 16 years. French assistance has been in the form of 10-year loans at interest rates of  $5\frac{1}{4}$  to 6 percent. Italy also provided funds on 10-year terms with interest rates of 6 percent, but did allow a 2-year grace period. Japan has lent funds on 15- to 18-year terms at  $6\frac{1}{4}$  to  $6\frac{3}{4}$  percent interest. The United States is the only major contributor to India which generally provides funds on 40-year terms, including a 10-year grace period, at  $2\frac{1}{2}$  percent interest except for the International Development Association, 40 percent of whose funds are provided by the United States.

The Association recommends, therefore that—

1. The importance of conversion to dollar sales be reiterated and emphasized.
2. The provision in section 103(k) of the Food for Peace Act of 1966, requiring that 5 percent of the purchase price of any agricultural commodity sold under title I be payable on delivery in dollars or currencies which can be converted into dollars, be retained. It is appropriate that the requirement of immediate repayment of 5 percent be waived in the event the President makes a determination that the recipient country's foreign exchange resources make this impossible. At the same time, a higher percentage should be required wherever the recipient is capable of making the higher payment. This percentage should be gradually increased until by 1971, 25 percent of sales would be in hard currency.

3. The provision in section 106(a), requiring payment within years with no more than a 2-year grace period, be amended to cover convertible local currency as well as dollar sales.

We believe that this approach would help the United States in its balance of payments position immediately, would put pressure on recipient countries to undertake self-help measures and would lead more actively to a gradual transition to commercial sales.

#### **SELF-HELP**

Section 109(a) of the Food for Peace Act of 1966 requires that the President shall, before providing assistance under that Act, consider the extent to which the recipient country is undertaking self-help measures. This requirement is vital if these countries are to achieve sustained economic development and if we are to meet the world's food problem in a timely fashion. The agreements negotiated in 1967 appear to have uniformly conformed to this requirement.

Special efforts should be made in the agreements under the local currency sales programs to contribute to these self-help measures. Priorities in the use of such funds should be given to the following:

1. Improvement in agricultural production, storage and distribution, including credit facilities.
2. Diversification of production.
3. Agricultural research, experimentation, and extension.
4. Education and training.
5. Salary payments to supplement food payments on work projects for indigents.

#### **PRIVATE ENTERPRISE**

Section 104(e) of the Food for Peace Act of 1966 (Cooley Amendment) provided that foreign currencies accruing in connection with sales for foreign currencies under this Act should amongst others be used as follows: "for use to the maximum extent \* \* \* for loans to United States business firms \* \* \* for business development and trade expansion \* \* \* and for loans to domestic and foreign firms \* \* \* for the establishment of facilities for aiding in the utilization, distribution or otherwise increasing the consumption of their markets for United States agricultural products \* \* \*." This was recognition by the Congress of the role which private enterprise could and should play in economic development, particularly in the improvement of agriculture, in the recipient countries.

Far too little attention has been paid to this provision. In calendar year 1966, out of \$1,030,982,000 equivalent in local currency arising from local currency sales, only \$44,155,000 or 4.3 percent was set aside for these purposes. In calendar year 1967, out of the equivalent of \$912,018,000 in local currency arising from local currency sales, only \$41,211,000 for an average of 6.74 percent was set aside for these purposes. (See tables IV and V.) This does not seem to be in accord with Congressional intent.

TABLE IV.—LOCAL CURRENCIES SET ASIDE FOR COOLEY LOANS IN CALENDAR YEAR 1966 AGREEMENTS

Date 1966	Country	Local currency, total in thousands of dollars	Percentage Cooley loan	Cooley loan, total in thousands of dollars
Jan. 3	United Arab Republic.....	\$41,050	5.0	\$2,052
Feb. 4	Guinea.....	2,380	5.0	119
Mar. 7	Korea.....	52,610	1.0	526
Mar. 12	Ceylon.....	4,540	10.0	454
Mar. 21	Vietnam.....	176,350	-----	-----
Apr. 1	Ghana.....	7,460	-----	-----
Apr. 2	Turkey.....	19,000	20.0	3,800
Apr. 5	Jordan.....	5,900	-----	-----
Apr. 13	Sudan.....	4,160	5.0	208
Apr. 22	Bolivia.....	6,520	5.0	326
Apr. 23	Congo.....	4,940	4.4	218
May 26	Pakistan.....	104,162	5.0	5,208
June 6	Israel.....	23,500	5.0	1,175
July 30	Tunisia.....	13,370	10.0	1,337
Oct. 25	Morocco.....	9,600	10.0	960
Dec. 23	India.....	555,440	6.8	27,772
	Total.....	1,030,982	14.3	44,155

<sup>1</sup>Average.

Source: Individual agreements in "Treaties and Other International Act Series."

TABLE V.—LOCAL CURRENCIES SET ASIDE FOR COOLEY LOANS IN CALENDAR YEAR 1967 AGREEMENTS

Date 1966	Country	Local currency, total in thousands of dollars	Percentage Cooley loan	Cooley loan, total in thousands of dollars
Feb. 20	India.....	\$135,000	5	\$6,750
Mar. 3	Ghana.....	5,480	15	822
Mar. 13	Vietnam.....	47,400	-----	-----
Mar. 17	Tunisia.....	10,388	10	1,039
Mar. 25	Korea.....	47,380	6	2,843
Apr. 6	Ghana.....	1,537	15	231
Apr. 20	Morocco.....	5,630	10	563
May 11	Pakistan.....	32,800	5	1,640
June 3	Sudan.....	11,450	5	572
June 24	India.....	87,800	5	4,390
July 26	Vietnam.....	2,200	-----	-----
Aug. 3	Pakistan.....	85,500	5	4,275
Aug. 4	Israel.....	13,800	5	690
Sept. 12	India.....	67,500	5	3,375
Sept. 21	Vietnam.....	90,000	-----	-----
Oct. 24	do.....	4,600	-----	-----
Oct. 27	Morocco.....	12,470	10	1,247
Do.....	Ghana.....	2,460	15	369
Nov. 6	Tunisia.....	10,380	10	1,038
Dec. 12	China.....	37,500	-----	-----
Dec. 18	Ghana.....	743	15	111
Dec. 26	Pakistan.....	31,400	9	2,826
Dec. 30	India.....	168,600	5	8,430
	Total.....	912,018	16.74	41,211

<sup>1</sup>Average.

Source: Individual agreements in "Treaties and Other International Acts Series."

Mr. MORAN. As the shift is made from local currency to dollar sales the availability of local currencies for these purposes will decline. Congress foresaw this and made alternative provisions under Section 107 of the Food for Peace Act. This authorizes dollar credit sales to private United States or foreign private entities for the purpose of providing local currency funds for a project in a friendly foreign country which will result in the establishment of facilities designed to improve the storage or marketing of agricultural commodities, or which will otherwise stimulate and expand private economic enterprise. Very limited use has been made of this provision.

Private enterprise could and should play a much greater role in improving the production, storage, processing and distribution of agriculture commodities in the developing countries. A much greater proportion of the local currencies arising from local currency sales agreements should be set aside for these Cooley Fund purposes and a more aggressive effort should be made to secure the participation of private enterprise with the particular talents it can bring to this endeavor under section 104(e) or 107.

#### CONCLUSION

In conclusion, Mr. Chairman, our association fully supports the proposal that Public Law 480 should be extended for a 3-year period. We do believe that certain changes should be made in the law and improvements in the administration to assure that the program may achieve the dual objectives of helping the developing countries improve their economic growth and meet their food requirements, while at the same time contributing to the solution of the U.S. balance of payments problem. We therefore recommend that the committee—

1. Amend section 103(b) to require that sales for convertible local currencies may only be made on terms not to exceed twenty years with a grace period of not more than two years.
2. Require a greater effort to secure initial payment in dollars or convertible local currencies on sales under title I of 5 percent or more with exceptions limited to clear emergency situations.
3. Require a much more aggressive shift from local currencies to dollars on convertible local currency sales. If a complete shift to dollar sales by the end of 1971 is to be achieved, the target for 1968 should be a minimum of 20 to 25 percent of title I sales.
4. Provide that priorities should be given in the use of local currency funds generated by local currency sales for the support of high priority self-help activities.
5. Require greater attention to the promotion of the participation of private enterprise through (a) greater allocations of local currency funds under section 104(e), and (b) a more aggressive use of section 107 transactions.

**The CHAIRMAN.** We are very much obliged to you. We think you have made an excellent statement. I wish that we had more time. I would like to ask if you are familiar with the suggestions that were made to this committee a day or two ago, that we require in these agreements that the host countries allow us to sell these currencies to American companies for the purpose of paying wages within that country by those doing business therein—that we sell the currency at any price that we wished to sell for. The effect of that, of course, would be to move these commodities in at a lower price. Are you familiar with that?

**Mr. MORAN.** I am familiar with the proposal, sir. I have one worry about it. I wonder if any country would be prepared to allow, in effect, a devaluation of its currency for a special transaction.

**The CHAIRMAN.** We wondered about the same thing.

Do you have an opinion on that?

**Mr. MORAN.** Frankly, I would be quite surprised to find any country prepared so to act, because it would mean either giving favoritism to

some given indigenous employer or, even worse from a political standpoint, to a foreign employer.

The CHAIRMAN. Thank you.

Are there any other questions of Dr. Moran?

If there are no questions, we are very much obliged to you, sir.

Mr. MORAN. Thank you.

The CHAIRMAN. We appreciate your statement.

Our next witness will be Mr. Robert N. Hampton, director of marketing and international trade of the National Council of Farmer Cooperatives.

We will be glad to hear from you now, Mr. Hampton.

#### **STATEMENT OF ROBERT N. HAMPTON, DIRECTOR OF MARKETING AND INTERNATIONAL TRADE OF THE NATIONAL COUNCIL OF FARMER COOPERATIVES**

Mr. HAMPTON. Mr. Chairman and members of the committee, I will omit part of my written statement and request that the complete statement be placed in the record.

The CHAIRMAN. At this point. This is something that I should have done a day or two ago when others made the same kind of request.

We are glad to have you summarize your statement and to print the entire statements, but I do not want to print two statements. I find that we are doing that, the witness comes up here and asks to include his complete statement in full—and then we are glad to do that, but at times he reads the complete statement, or more than part and more time is consumed than if he read his statement in full at the beginning.

We will print your statement as presented here.

Mr. HAMPTON. I am Robert N. Hampton, director of marketing and international trade of the National Council of Farmer Cooperatives. The national council is a nationwide federation of farm businesses engaged in the marketing of agricultural commodities or the purchasing of farm production supplies, or both, and of 34 State cooperative councils. Our membership includes about 100 regional cooperatives which in turn represent some 5,000 local cooperatives and about 3 million farmer memberships. The organizations making up the council are owned and controlled by farmers as the marketing and purchasing departments of their farm business operations.

The national council is in support of the extension of the Agricultural Trade Development and Assistance Act of 1954, Public Law 480, as proposed by H.R. 15693. This act has already made important contributions toward its major purposes of expanding international trade, including export markets for U.S. farm products, and of promoting a constructive U.S. foreign policy aimed at world progress and peace.

Our support for continued food assistance programs which would benefit U.S. agriculture and also be used to encourage world economic growth is expressed in the following current policy statements of the council:

*Public Law 480.*—The National Council of Farmer Cooperatives recommends—

1. That Public Law 480—Agricultural Trade Development and Assistance Act of 1954—be continued as a mechanism for aiding exports of farm commodities and that sufficient funds be provided to implement effectively the objectives of the act;

2. That expansion of Public Law 480 funds be based upon activities designed to expand long-run commercial sales and to aid sound economic growth of developing foreign countries. Many developing areas of the world today may be important future markets for the U.S. farm products.

*Foreign economic aid.*—The national council recognizes that many areas of the world have great need for economic development and for the encouragement of a free and competitive enterprise system which we believe will accelerate such development. We also recognize the desirability of both public and private assistance in alleviating suffering and in initial encouragement of productivity gains which will permit continuing economic growth through private capital investment.

We urge that in such efforts it be the policy of the United States to encourage maximum self-help within countries and that our major emphasis be in helping the people of such countries to assume increasing responsibility for their own economic progress.

To this end, we support a program of technical assistance designed to promote economic progress. We believe that the major effort of foreign aid programs should be directed toward this goal. Primary emphasis should be given to institutional as well as technological adaptation to existing conditions through development of cooperative and other appropriate private economic activities.

We urge that all U.S. agencies and farmer cooperative interests encourage development of cooperative activity abroad in every appropriate way, as a most desirable way of organizing and financing self-help programs. Maximum efforts should be made in exporting U.S. farmer cooperative know-how, and in some instances, investment capital to foster foreign cooperative development.

The direct increase in U.S. farm exports resulting from Public Law 480 programs, while important both to U.S. farm income and to international assistance efforts, has less long-term significance than other features such as self-help encouragement and market development activities. The requirement that effective self-help measures for increased agricultural output be a condition for Public Law 480 assistance is intended to encourage long-range world food output and healthy economic growth in underdeveloped nations. If this can be successfully implemented, the benefits can be substantial—for world progress and for expanded trade opportunities.

We strongly approve of the emphasis on requirements for self-help actions by recipient nations in order to be eligible for Public Law 480 assistance. This new thrust of the program in 1967–68 has already assisted greatly in focusing world attention on the higher priority needed for agricultural development in much of the world.

It is still early to judge results of self-help agreements launched only a little over a year ago. However, the requirement that at least 20 percent of Public Law 480 local currency funds be used for self-help is a sound one. We believe there are recent and encouraging signs in several Public Law 480 countries that more effective self-help measures are being taken—from livestock improvement programs in countries such

as Morocco to use of new crop varieties, irrigation programs, and strong family planning measures in Pakistan. Population control measures by the way, are so vital to world progress that we recommend their specific inclusion as one of the conditions of eligibility for Public Law 480 assistance, in section 109(a) of Public Law 480, as amended.

Cooperative action is also one of the most useful means of encouraging self-help, and is being promoted in most developing countries. It serves not only as an institution which encourages vital private incentives but also assists in many other ways which are critical to strong agricultural development—capital formation, educational programs, and the business functions of credit, distribution, and management. We recommend also that cooperative development be appropriately and specifically recognized in section 109(a), as the principle of cooperative importance is recognized by the Humphrey amendment of the Foreign Assistance Act. At this point, your permission, I would like to insert a very brief quote from comments made by Senator Humphrey on September 22, 1964, which I can read from the Congressional Record of that date. This is just a short statement of about four sentences.

May I include that?

The CHAIRMAN. Yes, you may.

Mr. HAMPTON (reading): "Cooperatives can be a source for developing new leadership, which is a welcome element when older institutions and authorities are being replaced by new structures and new loyalties. They are a strong factor in social and national cohesion. They bring people together for constructive purposes and break down isolation and factional hostilities that so often hamper development in new countries. What is especially significant, too, is that in the emerging countries cooperative development is a means of strengthening the private enterprise economy, and many of the emerging countries are aware of this. It is the simplest and most direct means for helping people to gain some positive economic advantages through their own efforts."

"Though we recognize that administration of the self-help requirement provisions of this act are difficult and extremely delicate issues in international relations, we urge that continuing efforts be made to insure that desirable self-help plans are actually carried out. Active and vigorous administration, plus frequent review of performance, are needed. More reliable means of measuring the impact of self-help measures on economic progress are also needed, and we encourage study of such need, by both congressional and administrative groups."

"Just a few comments on the market development programs encouraged by Public Law 480 funds. This is one of the best means devised for U.S. farm exporters to capitalize on economic growth and broadening markets throughout the world. We are informed that such activities as in-store retail promotions have increased sales of U.S. agricultural products by a typical ratio of about \$17 for each dollar expended, and that in trade show promotions this ratio is frequently much higher. Such increases in foreign sales volumes have not been limited to Public Law 480 export products, but have helped a much broader range of American produce. The benefits of these activities to U.S. farmers and to our balance of payments positions is apparent."

"We urge that these programs be continued and strengthened, particularly in view of increasing competition from other agricultural

exporting nations. We note from USDA statistics that such governments as Denmark, Australia, and Israel spend well over 1 percent of farm export values on promotion, compared to a figure of about one-quarter of 1 percent for the United States. These are based on Government plus quasi-Government and nonprofit trade organization expenditures.

"In summary, the National Council believes that the market development programs under Public Law 480 have contributed and will contribute greatly to stronger markets abroad for American farm products. We recommend that every effort be made to implement the objectives of the "economic growth through self-help" features of the act. Finally, we believe that stronger recognition should be given to the importance of cooperatives and to family planning measures as self-help criteria under Public Law 480.

"We appreciate the opportunity to express our views on this important legislation before this committee."

The CHAIRMAN. Thank you, Mr. Hampton. I notice that you did not make any comment relative to the possible use of this program as a means of strengthening the balance-of-payments situation.

Do you feel that there is any possibility in that respect?

Mr. HAMPTON. Yes, sir. We did comment on matters pertinent to the market development phase of Public Law 480. We believe that any strengthening of this market development program that results in expanding markets or expanded opportunities for U.S. farm exporters will definitely help our balance-of-payments position. Insofar as the overall program is concerned, I think the analysis of the balance-of-payments situation submitted by the previous witness is a very good one, and we would be inclined to support that position.

The CHAIRMAN. Do you think that there is any possibility that we could transfer more of this aid into purchasing power abroad, not necessarily in American dollars but in the ability to purchase our needs abroad and, therefore, to lessen our needs for dollars?

Mr. HAMPTON. We would like to see every effort made through administrative channels, with congressional encouragement, to make the maximum use of the provisions for such activities at the present time.

The CHAIRMAN. You think that congressional encouragement is enough? Do we have to have congressional authority?

Mr. HAMPTON. Sir, that is a very difficult question. I think that there is a great deal of leeway. I think that some of the present requirements of the act, if they could be implemented fully, would be substantial steps in that direction.

The CHAIRMAN. Thank you. Are there any other questions?

Mr. Gathings?

Mr. GATHINGS. I was greatly impressed with your views with respect to the success being made now by the use of title I funds for market promotion. You say that \$17 in exports of farm commodities to every \$1 spent has been a great aid in our balance-of-payments situation.

Mr. HAMPTON. It is a very impressive figure, Mr. Gathings. That particular figure that I used referred only to the in-store promotion phase of this program, which is not all but is a very substantial and important part of the program.

Mr. GATHINGS. Is there anything that this committee can do to emphasize the importance of the promotion program in the moving of various commodities into export channels?

Mr. HAMPTON. We certainly endorse and encourage any indication of the committee's interest and support for that program, either through specifically naming it or through a committee report—a recognition of the very clear benefits to the American agriculture and to the balance-of-payments situation.

Mr. GATHINGS. In 1966 we had about five or six witnesses who appeared, from specific commodity groups, on this very issue. You know about that?

Mr. HAMPTON. I think that was really an unfortunate situation. Those commodity groups did not really express the interest and appreciation which I know many of them do feel for the benefits of this program.

Mr. GATHINGS. Thank you.

That is all, Mr. Chairman.

The CHAIRMAN. Are there any further questions?

If not, we thank you again, Mr. Hampton.

We will now be glad to hear from the Reverend Clyde N. Rogers, of the Ohio Council of Churches.

#### **STATEMENT OF REV. CLYDE N. ROGERS, DIRECTOR OF THE TOWN AND COUNTRY DEPARTMENT OF THE OHIO COUNCIL OF CHURCHES**

Reverend ROGERS. Mr. Chairman and members of the committee, I am Clyde N. Rogers, director of the Town and Country Department of the Ohio Council of Churches. The group I represent includes our own staff and our board, which is composed of clergymen from 17 denominations and 25 representatives of rural agencies. It has been my privilege to appear before this committee from time to time since 1954. When Public Law 480 was first enacted into law, I was the contact person between the Department of Agriculture and Church World Service-CROP when the first wheat and powdered milk were released to that agency.

We would express our gratitude to you and all other Members of both Houses of Congress who helped renew Public Law 480 in 1966, now commonly known as the food-for-freedom bill.

We believe that there is a strong, significant, and continuing role for the U.S. Government to (1) continue its work with individual developing nations of the world; (2) work with the appropriate United Nations agencies like the FAO and WHO; and (3) to help these voluntary agencies and private groups equipped to do so to increasingly serve as channels for self-help projects.

Because of the issue of separation of church and state, perhaps there should be established a "holding corporation" composed of outstanding citizens who would act as intermediaries between the U.S. Government and the non-Government groups for the purpose of handling cash, food, and projects to be supervised by those groups through approved channels.

We continue our strong support of the various titles of the present bill. There are two parts of the present bill to which we would call special attention. First is our great appreciation for the implementation of the population control section. We would advocate that this be greatly enlarged and strengthened. Every legitimate means should be used in family planning and population limitation. This is a major crisis of our time.

We would advocate that wherever possible nursing mothers be given information and help so as not to conceive during the period of lactation. They then will give their babies a more adequate start in life. Kwashiorkor is a major result of babies being removed from their mothers' breasts before they are old enough to eat other foods which are available in most countries.

There is one keen disappointment in the failure to enact one section of the present bill which is popularly known as the "Farmers Corps." We would suggest that it be called whatever name is thought best for its implementation. We respectfully request that this section be adjusted if necessary so as to put into action this part of the law. Appropriate agencies should be given the necessary funds and instructions to implement this program. We believe that this can be one of the most effective means of helping people to help themselves. Farmers know how to show other farmers ways to improve their methods of agricultural production.

In our evaluation of the law as it has been in the last 2 years, much still needs to be done as pointed out by the President's Science Advisory Committee which produced the book "The World Food Problem." We would recommend that this book be reprinted and used through various groups as a part of a massive educational program on the importance of this problem. Every thinking family should have a copy of this book.

We would call to your attention a new resolution adopted by the general board of the National Council of Churches of Christ in the U.S.A. on February 22, 1968. We endorse this statement as submitted to you by Church World Service. It is worthy of wide study and implementation.

Perhaps one of the greatest roles of the voluntary agencies, like Church World Service, has been the food-for-work projects. This type program should be developed to its fullest possible extent. New means should be discovered for the use of America's abundant food as wages in many ways.

Another very important facet is in the use of local currencies in the development of roads, manufacturing establishments, business enterprises, marketing facilities, educational institutions, health clinics, and many related fields. Cooperatives and credit unions should be developed widely.

Sound agriculture is basic to economic growth not only to the United States but in the developing nations as well. We are slowly learning that it is good business to help people help themselves.

The popularization of the various types of high protein supplements including soy products and fish powder, needs to be developed in the needy areas of the world. Funds should be made available as a part of the law for developing these programs.

As we have stated before this committee many times since 1954, the farmer has paid too much of the cost of our world food program. This

is not as it should be. The farmer should bear his part of the cost only as other segments of society do. All Americans need to recognize that food is our greatest natural resource. Abundant food is America's greatest blessing. In order to have enough food for ourselves and others there must always be a surplus. This is a strategic resource which should be available at all times.

As I proposed in March 1954—

There should be a strategic amount set aside of \$3 billion worth of food which could not be dumped on the world or domestic market to cut prices but would be used only to feed hungry people.

Experts in the field of agriculture should know the amounts and kinds of foods which should be set aside in harmony with today's needs. If we had a domestic shortage it could be brought back into the market to be used in our country. We must have adequate food as a national reserve. The farmer must have income from the sale of his products equal to other segments of our society. He must be protected in every way so that he can have his part of the national income.

We are grateful for the great amount of good which has been accomplished in the food-for-freedom bill. We feel that with strengthening, adaptation, and safeguards we have mentioned, this program has great possibilities toward achieving world peace in the future. We have only scratched the surface in helping people to meet their own needs. May we not let anything get in the way of accomplishing these purposes which are in harmony with the best of our traditions. The long hard road to peace will be reached only as hunger and ignorance are banished from the world. It is both good morality and good business to achieve these purposes.

**THE CHAIRMAN.** Reverend Rogers, we are very much obliged to you for the statement. I want to express my special appreciation for your comment on the need to pay our farmers a reasonable return for what they contribute to the feeding of all of the world. I think that is essential. I do not think that we can feed the world unless we are able to give our farmers a fair return for doing it.

There is another problem that has been troubling this committee that I was hoping might in some way be helped in dealing with this legislation, and that is the balance-of-payments situation—the international balance-of-payments situation. We are all pretty well agreed that the United States needs to improve our balance-of-payments situation. You did not raise the question in your testimony, but do you feel that there is any opportunity here in any provision of Public Law 480 to improve our balance-of-payments situation?

**Reverend ROGERS.** I think that I would answer it this way: You will notice that I am an ordained minister, but I was trained at Cornell University in agriculture economics and rural sociology. I have tried to continue my economic understanding throughout these years.

To me, Public Law 480, as it has been written, will not weaken our balance of payments, but it will strengthen it, because, if used in proper ways to help people to help themselves, it will because it has been proven again and again that these people become good customers of ours. I could talk about 30 countries that we have helped to where they can buy agricultural products from us. It is to our advantage everytime that we help a nation to become a good customer of ours. I do

not know of any place where it has not been true. Japan is the best example. Mexico is another. We could go on and name one country after another. If you help them to get on their feet, they become good customers for agriculture products.

The CHAIRMAN. I think that we will all accept that as being true. I believe that we all agree that in the long run it is a helpful program, but we wonder if we could make it helpful in meeting our immediate needs in the balance-of-payments problem.

Reverend ROGERS. I feel that one of the places that a great deal can be done—and may I use the term carefully—that pressure could be put on—in getting those countries where they have currency stacked up, to start development programs in those countries, and by doing this, they, in turn, can begin to buy things from the United States. It is turning it around and putting it in the other direction.

India needs development. It needs all kinds of things. It will help us if we get the currency in India used for constructive purposes, and it will cause businesses be established that will help in our own economy.

The CHAIRMAN. It has been suggested during the course of these hearings that we might seek to negotiate agreements with countries whereby we could take the currencies that they pay us and sell them to Americans who would employ local labor in those countries. Do you think that there is any merit to that idea?

Reverend ROGERS. I think that there is merit to it so long as it is not sold on the market at cutrate prices. If the prices were cut, naturally, they would be in trouble. I think you have got to protect their currency as well as our currency. But to me it could be utilized in that way, and I would see it as being something very sound.

The CHAIRMAN. It is true our present Cooley loans provided exactly that, except without any reduction in the value of the currency.

Reverend ROGERS. Is not the problem really many times of stimulating things to happen that should happen?

The CHAIRMAN. Yes.

Reverend ROGERS. In other words, we have the tool in the loans—we have various other things in the law today, but it is getting them utilized to the fullest extent that is necessary. One I mentioned earlier. I know every member of the committee will agree with me, but to me the "Farmers Corps" idea is a good one, costing a very small amount of money. If we had some of our farmers in this, it would help. I think that in our own State of Ohio our farm organization offered to help select farmers to go to some of these countries. If they would go there they could help stimulate cooperative businesses that will, in turn, pay off to our own Nation. And in the long run, we are not going to do it unless it is good business for us and good business for the world. And this is good Christianity. I think the two fit together.

The CHAIRMAN. Of course, I am sure you know my opinion on that particular phase of it. I am the minority here on that. But I do not think that a farmer in Texas will achieve much in Afghanistan where he cannot talk to anybody.

Reverend ROGERS. I have been in many countries.

The CHAIRMAN. He cannot talk to anybody about practices and traditions of Afghanistan with which he is not familiar. I do not think he will be of great help to the people there, no matter how good a farmer he may be at home.

**Reverend ROGERS.** Let me say why I say this. I came out of the hills of Tennessee, originally. I am the youngest of a large family, where it took eight boys to operate a farm. I have a cousin who is operating our farm and three other farms today. I am old enough to know how we went through the process of handwork. I think the older farmers in America have a tremendous amount to contribute in many of these countries, such as showing the farmer how he can start with the short-handled hoe and got to a long-handled hoe. This is the practical part that I am talking about. It is helping people in a practical way to help themselves.

**The CHAIRMAN.** I think the impractical point of it is that you can no more talk to that man than you can talk to a cow out on his farm in Ohio. He has no means of communicating with the man in Afghanistan.

**Reverend ROGERS.** Having been in those countries a good many times, I find that there are a good many ways of helping and that there is somebody around to do the interpreting, even though he does not know the language.

**The CHAIRMAN. Mr. Gathings?**

**Mr. GATHINGS.** I want to commend Reverend Rogers for bringing to our attention the need to implement the farmer-to-farmer program which originated in the 1966 act from a bill sponsored by our friend from Kansas, Mr. Dole. He suggested that amendment. I believe that it has real promise and real merit. The farmers can be used in these various countries to great advantage. You send the man there who knows something about farming and who can go out on the farms with farmers and work with them. It would not be a question of having a cocktail in one hand at all. A man who gets down on the land and knows something about agriculture can be of help. And, as you have so well stated, you can teach them an awful lot in producing more food to aid their deficit food situation.

Thank you.

**The CHAIRMAN. Is there anyone else?**

If there are no further questions, we are very much obliged to you, Reverend Rogers.

**Reverend ROGERS.** Thank you.

**The CHAIRMAN.** We always appreciate your attendance. We are always glad to have you.

Our next witness is the Secretary of Agriculture, the Honorable Orville L. Freeman, who will be accompanied by Mr. William S. Gaud, Administrator, Agency for International Development, and Mr. George R. Jacobs, Acting Deputy Assistant Secretary of State for International Resources and Food Policy, Department of State.

We are delighted to have you with us, Mr. Secretary.

As you know, we are discussing the extension and possible modification of Public Law 480. We will be glad to have you give us any comments and suggestions that you care to in connection with the proposed legislation.

**STATEMENT OF HON. ORVILLE L. FREEMAN, SECRETARY OF AGRICULTURE; ACCCOMPANIED BY HON. WILLIAM S. GAUD, ADMINISTRATOR, AGENCY FOR INTERNATIONAL DEVELOPMENT; AND HON. GEORGE R. JACOBS, ACTING DEPUTY ASSISTANT SECRETARY OF STATE FOR INTERNATIONAL RESOURCES AND FOOD POLICY**

Secretary FREEMAN. Thank you very much, Mr. Chairman and members of the committee. I am privileged to be associated here, in appearing before this distinguished committee, with two of my colleagues from other departments of our Government, Mr. Gaud, who, you know, is the Administrator of the AID programs, and we coordinate very closely together, according to the directions of the committee, and with Mr. George R. Jacobs of the State Department, who, also, of course, is intimately involved in this.

I have a very short summary statement that I would like to make to the committee, and Mr. Gaud and Mr. Jacobs will supplement that, and then we will be ready to answer questions.

Mr. Chairman, members of the committee, there is an old Minnesota saying that a successful fisherman never goes home through the back alley. Therefore, I am pleased to be here—on the front street of our Nation—to talk about the success of Public Law 480 and to support its extension for 3 years in its present form.

When I first came to Washington, Public Law 480 was regarded as a very useful, practical, yet humanitarian food aid program under which we exported our surplus and helped to feed millions of our foreign friends.

I soon learned, however, that Public Law 480 could be much more than a surplus disposal program or a food aid program.

It became apparent that the program had great potential for helping friendly countries to improve their farms and villages and general well-being so that they could get off the dole and become self-supporting.

And it became apparent that the program had great potential for helping to expand foreign cash markets for our farm products, thereby bringing back dollars to help our farm income and our balance of payments.

The Congress, 2 years ago, took very wise and very effective action in revising the program so that these potentials could be realized. I think we have, in Public Law 480, as improved in 1966, and as it is constructed and administered at this time, a highly practical program that is both good for us and good for the countries associated with us. It is an excellent program for our times.

Representatives of the Department of State and of the Agency for International Development, who cooperate with the Department of Agriculture in carrying out Public Law 480, join with me in supporting its extension, and will present their own statements later.

As we consider this extension we recognize that every program of the Government must meet the test of whether it is yielding the results that the Congress intended. Public Law 480 meets the test admirably.

The objectives of Public Law 480 are clearly set forth in the preamble to the act, as follows:

"The Congress hereby declares it to be the policy of the United States to expand international trade; to develop and expand export markets for U.S. agricultural commodities; to use the abundant agricultural productivity of the United States to combat hunger and malnutrition and to encourage economic development in developing countries, with particular emphasis on assistance to those countries that are determined to improve their own agricultural production; and to promote in other ways the foreign policy of the United States."

Let's take that preamble and use its elements as a check list. Let's see how well Public Law 480 is serving us.

First, what has been happening to international trade in agricultural products?

During these 1960's international trade in agricultural products has expanded steadily. Total world trade in agricultural products in fiscal 1960 was \$28.3 billion. In 1967 it was \$33.9 billion.

I do not know of any period in world history when the growth in international agricultural trade has been as great as that of these 1960's. A great share of this expansion has benefitted the United States.

The second part of our test of Public Law 480 has to do with developing and expanding export markets for U.S. agricultural commodities.

Here, again, there has been no period of American history in which we have done as well in our agricultural export marketing. Public Law 480 is among the important reasons.

Since fiscal year 1960, we have pushed total agricultural exports upward from \$4.5 billion to almost \$7 billion.

During that period, commercial exports—the part we sell for dollars—climbed from \$3.2 to \$5.2 billion, a gain of 62 percent. Shipments in this current fiscal year, both total and for dollars, are holding at high levels.

A very important reason for this spectacular gain is the market development program which is financed out of Public Law 480 foreign currencies.

I would like to comment on the significance of this export success story to our farm and city people, and to the Nation.

For American farmers, exports make up a big and expanding outlet for their production. Our farmers now export two-thirds of their annual milled rice production; over half of their wheat production; a third or more of their grain sorghums, soybeans, cotton, and tobacco; more than a fourth of their flaxseed, and nearly a fourth of their corn. And so on for a large number of other important commodities.

Last year, American farmers harvested 70 million acres for export—1 acre out of every 4.

In the absence of export outlets of this magnitude, the problems of acreage adjustment and the support of farm income in our domestic program would be infinitely more difficult.

The benefits of exports are shared by non farm people, as well. Hundreds of thousands of workers and businessmen across the country owe part of all of their incomes to the activities created by agricultural exporting—handling, transporting, warehousing, processing, packaging, freight forwarding, insuring, financing, and related activities. Exporting has, in itself, become a vast industry.

Then there is the matter of balance-of-payments benefits.

It is not generally known but it is a fact of which we should be very proud that American agriculture, through its exports earnings, is today doing more than any other segment of the Nation to hold back the critical outflow of dollars.

This contribution by American agriculture is relatively new. In the early 1960's there was an unfavorable balance in our commercial agricultural trade. Our country's expenditures for agricultural imports were larger than the earnings from agricultural export sales for dollars. At that time nonagricultural exports—machine tools, airplanes, chemicals, and hundreds of other industrial items—were carrying the load in our balance of trade.

In the past 2 years, however, this situation has been sharply reversed.

In 1966 our country's nonagricultural sector had a trade deficit of \$470 million; our agricultural sector had a net commercial trade plus of \$982 million.

In 1967, our nonagricultural trade had a deficit of \$300 million; our agricultural trade had a plus of \$585 million.

Nor is this the total picture. There also are certain financial benefits coming directly from the Public Law 480 program in the form of avoided dollar expenditures, and these have the same helpful effect on the balance-of-payments as dollar earnings. I am think specifically of the way our Government is able to use foreign currencies generated under Public Law 480 to pay various U.S. expenses abroad, including embassy costs, market development financing, and many others. In 1966 these dollar returns came to \$169 million. In 1967 the returns were \$331 million.

So I would emphasize again that our agricultural exports have become a tremendous national asset. It is our agriculture right now that is keeping our Nation's overall commercial trade balance on the favorable side. Public Law 480 is helping agriculture to make this contribution. And as Public Law 480 contributes to economic growth in recipient countries it builds future commercial markets for American products.

The third part of our test of Public Law 480 has to do with such economic development. Is the program mainly a crutch for the less-developed countries—or is it providing strength to help them stand on their own feet?

This is a critically important question—and it is one that I would answer by saying Public Law 480 is helping a large number of recipient countries to improve their self-reliance, especially as we operate under the new self-help requirements of the program.

A good test of economic development is a country's improving ability to buy the things it wants in the commercial marketplace. Already a number of countries that once received food aid have become important commercial customers.

The classic examples are, of course, Japan, Italy, and Spain. Under Public Law 480 and earlier aid programs, they received considerable assistance. Today they are among our very best cash customers.

Japan in 1956 imported \$370 million worth of American farm products, a third of it under Public Law 480. Today, Japan is buying a billion dollars worth of our farm products annually, all of it for dollars, none of it under Public Law 480.

Italy in 1956 imported \$114 million worth of our farm products, nearly a third under Public Law 480. Now Italy's purchases are approaching \$300 million a year, for dollars, none under Public Law 480.

Spain in 1956 imported \$125 million worth of our farm products, practically all under Public Law 480. Ten years later these imports had grown to \$200 million; practically all for dollars, none under Public Law 480.

Public Law 480 came to these countries at a critical time in their economic development. They were ready to carry out their own self-help programs but they needed some help in getting started. Once started, they have moved forward on their own momentum.

I would like to cite three more countries. These also are dramatic in their transition from aid to trade for the reason that they started with less and have had farther to go. They are Israel, Taiwan, and South Korea.

I will illustrate with their purchases of wheat.

In fiscal year 1962, Israel got 166,000 tons of U.S. wheat under Public Law 480 and bought 105,000 tons commercially. Last year Israel's wheat purchases under Public Law 480 were cut in half and her commercial buying was expanded by almost half.

Taiwan's wheat imports under Public Law 480 were 325,000 tons in 1962 and dropped to zero last year. At the same time, her commercial buying of wheat rose from 9,000 to 280,000 tons.

During the same period, South Korea's Public Law 480 wheat imports dropped from 337,000 to 331,000 tons, while her commercial imports of wheat went up more than 13 times, from 26,000 to 341,000 tons.

This matter of economic development is extremely important to our own export promotion efforts. It is only through economic development that a developing nation can improve the buying power of its citizens and thereby make the transition from aid to trade.

Our Economic Research Service has tested this relationship between economic development and consumer buying power, with some interesting results. Based on 1964 data, we found that countries with per capita income of more than \$600 a year—such as Japan and in Western Europe—bought commercially \$7.88 worth of U.S. farm products per person per year. Countries with a per capita income of \$200 to \$600—such as Venezuela and Brazil—bought \$4.18 worth per person. And countries having a per capita income of less than \$200—such as India, Pakistan, and some others in Asia, Latin America, and Africa—bought only 30 cents worth of our farm products per person.

There are 22 countries that now buy only 30 cents worth of our farm products per capita per year. They have a combined population of 835 million, four times the size of our own population. If each of these people last year had been able to spend just \$1 in buying our farm products—and believe me, these people would like to buy more from us if they could—we would have exported \$800 million additional farm products and our export total for the year would have come to more than \$7½ billion. If they had spent \$2 apiece more for the food and fiber products they would like to buy from us, our exports for the year would have approached \$8½ billion.

I have referred to the underdeveloped countries in the aggregate as a "sleeping giant" which, once aroused, will be the largest market in the history of the world. But this sleeping giant will awaken only when stimulated by the increased buying power that comes from economic development.

This is why our self-help requirements are of such importance.

An indispensable key to general economic development anywhere is agricultural development. I do not know of any really progressive country anywhere in the world that has a backward agriculture. The two go hand in hand—as a matter of fact, agricultural development must precede and serve as a base for industrial development.

We have strong evidence that this agricultural development is taking place, and some of this evidence appeared recently in our annual world agricultural situation report, which says:

The past year was one of record output for world agriculture and, most significantly, a record for the less developed world. Per capita agricultural output in the less developed countries (excluding Communist Asia) increased by about 5 to 6 per cent in 1967, a recovery to the level of 1964, or slightly above. In particular, most of the developing countries with large populations—India, Pakistan, and Brazil—made substantial gains in the production of grain and other foods.

I am not trying to say that Public Law 480 with its many features, including strengthened emphasis on self-help, was entirely responsible for this bumper world crop. In many areas, bad weather gave way to good weather and growing conditions were excellent. But I will say that a good crop in many countries was made even better because of improvements stimulated by the self-help emphasis that Congress wrote into Public Law 480 in 1966.

India's record harvest, for example, is due not only to good weather but to the much greater emphasis India is now giving to agriculture. India has provided incentive prices for its farmers and has doubled its use of improved, high-yielding seed and almost doubled its availability of fertilizer. In these, as many other hopeful developments in Indian agriculture, there is no question but what American assistance programs—including food, technical, and economic aid—have played an important role in stimulation and support.

The fourth, and last, part of the Public Law 480 preamble on which I would like to comment is the program's importance in promoting U.S. foreign policy.

President Johnson, in his foreign aid message of February 8, spoke of "the great truth upon which all our foreign aid programs are founded.

"Twenty years ago," said the President, "America resolved to lead the world against the destructive power of man's oldest enemies. We declared war on the hunger, the ignorance, the disease, and the hopelessness which breed violence in human affairs.

"We knew then that the job would take many years. We knew then that many trials and disappointments would test our will.

"But we also knew that, in the long run, a single ray of hope—a school, a hybrid seed, a vaccination—can do more to build the peace and guard Americans from harm than guns and bombs."

It is hard to measure on an input-output scale what Public Law 480, with its food aid and development assistance, has done to promote our Nation's foreign policy. But I would like to turn this around and ask,

What would have been the negative effect if we had denied to struggling nations these things we have made available?

What if we had remained aloof during their years of need?

What if we had held back the thousands of shiploads of food that have kept millions of hungry people alive?

What if we had not, through Public Law 480, generated the many millions of dollars worth of local currencies which have built dams and schools in countries sorely needing them?

And what if these funds had never been available to strike the spark of life and provide much of the financing in our own export development programs?

What if, in our companion assistance programs, we had told people around the world that we would not share the secrets of our own agricultural success? That we would not consult with them on how to set up a research station? Or agricultural college? Or fertilizer factory? Or irrigate their lands?

But instead we have provided them these things. We have shared to a degree that is unprecedented in human history. We have been providing them, within our abilities, those rays of hope which more than anything else help to build the peace and help to guard America.

And, within our abilities, we must continue to do so.

Mr. Chairman and members of this committee, I think Public Law 480 is doing a magnificent job for our Nation and for our friends abroad.

I fully support the extension of the present law for 3 years and I earnestly hope that it will be approved in the near future by this committee and by the Congress.

The CHAIRMAN. Thank you very much, Mr. Secretary. We are very glad to have your summary of the achievements of this program.

Are there any questions of the Secretary?

Mr. Gathings?

Mr. GATHINGS. I feel that you have given us some information that has been lacking in other statements in a number of ways. You have shown here the benefits that have been derived in recent years and in early years, since we have had Public Law 480.

We had a real fine statement presented here this morning by Mr. Moran, junior vice president of International Economic Policy Association. He made some splendid recommendations. And among those, he talked about the so-called Cooley provision which was written into Public Law 480 some 8 years ago. Do you concur with his views in that respect, that more Public Law 480 title I currencies could be used in the furtherance of Cooley loans?

Secretary FREEMAN. Yes, sir. I think that the Cooley loan provisions provide very important and useful funds for investment by the private sector of our economy. It is true that in some countries that resource is beginning to dry up, as we are now moving toward dollar credit sales rather than sales for soft currencies. We face a problem in that regard—and I think it is one that we need to adjust ourselves to so that those funds can be adequate.

Mr. GATHINGS. Do you not think it would be well, Mr. Secretary, to spell it out in 1, 2, 3 order—uses that are to be made of these currencies that are stacking up very high in various parts of the world, so that it would aid us in alleviating our balance-of-payments problem?

**Secretary FREEMAN.** I know, speaking for myself, that I would welcome any guidance from the committee in that respect. I am not sure precisely how much of it should be in the law and how much in the legislative history. There is currently considerable discretion as well as very sharp limitations in the use of these currencies. We are trying to make effective use of them, but in terms of the availability of Cooley loan funds, you are right, that in some countries we need to replenish amounts available.

**Mr. GATHERINGS.** Do you think that some of these funds could be used in implementation of the farmer-to-farmer provision that was written in, in 1966?

**Secretary FREEMAN.** Cooley loans are for a specific purpose. Other parts of the law authorize the sending of trained American agriculturists to these countries, and the use of available local currencies for that purpose.

**Mr. GATHERINGS.** This morning, just before you came in, our chairman, who had not concurred in this amendment that was approved in 1966, said that we run into a language barrier. Do you think that could be remedied?

**Secretary FREEMAN.** You do run into a language barrier. There is also a problem that when you discuss a farmer-to-farmer relationship, you must have a careful selectivity and careful training. And certainly there is the language problem as well, but that does not mean those difficulties cannot be overcome. I think that if careful training and utilization is made, that this program would be practical. On the other hand, we ought not to expect too much of it, nor too rapidly, because you cannot send just anyone who might be a good American farmer into the middle of India and expect him to perform adequately. We have learned that the hard way, by experience, that you need to have trained people.

You also have the problem that most countries—and I will defer to Mr. Gaud on this in a moment—are somewhat hesitant about our sending a lot of people to do this. They usually prefer that we help them to train their own people who then are able to act more effectively than someone from outside of the culture, to accomplish the same purpose. But recognizing those handicaps and those problems, I think that these farmer-to-farmer corps people have a possibility, and I hope that in the future we will at least try it on a pilot basis and see what kind of results we get.

**Mr. GATHERINGS.** Thank you, Mr. Secretary. That is all, Mr. Chairman.

**The CHAIRMAN.** Mr. Teague?

**Mr. TEAGUE of California.** Earlier in the week we had here a Republican gala which was launched Tuesday night, and this was a gala week, because the Secretary and I found ourselves in agreement on two important issues which made it an unusual week. I find myself now in complete agreement with you. And this is something, because we do not agree every week, much less twice. This is a great occasion, therefore.

I would like to ask you whether you feel any changes should be made in Public Law 480. I think we all know the benefits of Public Law 480. I think that all of us practically agree it ought to be extended.

Do you contend that it should not be altered or modified in any way?

**Secretary FREEMAN.** First, let me give my expression of appreciation to the Congressman, particularly on a very difficult and tough issue. I hesitate to say that any piece of legislation is perfect and cannot be improved, but I do feel that Public Law 480 is working satisfactorily and I am not recommending any changes at this time.

**Mr. TEAGUE of California.** Thank you.

**That is all, Mr. Chairman.**

**The CHAIRMAN.** Are there any further questions?

**Mr. Goodling?**

**Mr. GOODLING.** I think this does bear directly on Public Law 480.

You say that our exports of farm products have been increasing. How do you account for the steady decline in the farmers' income? Unless the farmer is going to make a profit on what he grows, he will not have anything to ship under Public Law 480.

**Secretary FREEMAN.** First, in the last year there has been a drop in net profits on farms and it was caused by the perennial problem of the American farmer, and that is overproduction. We are able to produce, and for the foreseeable future will be able to produce substantially more food and fiber than we will be able to use, either here or, in my judgment, under any foreseeable expansion under Public Law 480. That being the case, we have only one alternative, and that is to adjust our production and at the same time take every possible measure to expand the demand in foreign markets. We are still going to have, and will have for the foreseeable future, overproduction. To try to adjust that is a very difficult thing to do, as you are well aware. No one can predict the weather. There are sharp changes in volumes of production, and what we are trying to learn is how to more skillfully operate the machinery we have so we can tailor supply to demand and have a working balance, which we can bring about a fair return to the farmer.

So, I would only say that the drop that you refer to in net income—and, incidentally, net income per farm, even so, is about 50 percent higher than it was in 1960—was the result of action for which I am responsible, and that was increasing production, putting more acres into production in 1967. The decision made at the time was because we were in a very short supply position. After I made that decision there was a change in the weather, particularly around the world, and a bumper crop was produced worldwide, with the net result that a threatened short-supply position became very quickly a long-supply position with an adverse effect on prices. But I would close this very long answer to your question by saying that we need to continue our exports, but I cannot see our exports, concessional or commercial, in the foreseeable future being enough so that we can prevent sharply lower farm prices unless we succeed in cutting back our own production.

**Mr. GOODLING.** You were here some months ago when we spoke of control of rodents. A man testified this week, giving higher figures than I had used. I told you at that time that 10 or 12 percent of all of the food in India was being consumed by rodents. He gave us information on this question. This witness used a 20-percent figure.

Are we doing anything about rodent control programs in India?

**Mr. FREEMAN.** If I may, I would like to ask Mr. Gaud to answer

that question, because there is such a program within the agency that is being carried forward in India. I think he would have more information on that than I would.

**Mr. GAUD.** Mr. Goodling, this is a very serious problem, manifestly. The figures, I think, are pretty hard to judge. I do not think that anyone really knows, in India or in any other underdeveloped country, how much is being eaten by rodents.

The Indian Government is working on this. We have a section working with them. We are doing some research through the Department of the Interior Wildlife Bureau in an effort to get at this problem.

The most productive possibility that anybody has thought of is to try to figure out someway for feeding rodents, rats, not poison but something which would render them sterile. This is one, of course, that we have to eliminate the rodent population in that way.

**Mr. GOODLING.** This testimony came from the director of AID in India. He made the statement that they had fields of wheat just rid-dled with rats.

**Mr. GAUD.** I would not dispute that. I would be perfectly willing to accept that. There is no question about that. The loss in that way is true in any other underdeveloped country.

**Mr. GOODLING.** How much are we doing in self-help, Mr. Secretary? I am thinking of sending technical people. My own university—four of my friends are there right now, and are supposed to be there for a 2-year period.

**Secretary FREEMAN.** May I answer part of that question, and, again, defer to Mr. Gaud for a further answer, because he is carrying forward assistance and technical assistance programs in most of the less-developed countries.

The self-help provision itself, as Congress mandated it in the last act, requires that we tie adequate effort or responsible effort by the receiving country to our making food available. And this we are doing. Every agreement that has resulted in a Public Law 480 also has been accompanied by an understanding as to what that country would do to strengthen its own agriculture. This is developed jointly by AID and by Agriculture, and we work very closely and cooperatively on it.

We keep informed as to progress in the given country. We do not sign these agreements until we are satisfied that the country in question is making a responsible effort to help itself.

**Mr. GOODLING.** Are they accepting our information?

**Secretary FREEMAN.** They are. Of course, a lot of these agreements have been signed quite recently. It is difficult to get the precise results. I referred to the case of India. I know something about it intimately. There is no question but what India has taken very tough steps. She is spending a great deal of her foreign exchange, which is very short, for fertilizer, and the use of fertilizer in India has almost doubled, and over one-half of that is imported.

India spends—I am just estimating—a couple hundred million dollars of very precious and very scarce foreign exchange to buy fertilizer. That was not the case just a few years back. It has been a part of self-help requirements that we started asking for even before we amended the law.

**Mr. GOODLING.** I have heard the chairman of this committee say over and over again that the Indians are still producing a sizable amount of cotton instead of food.

**Secretary FREEMAN.** They are producing a lot of cotton, but they are putting more land into production for other things. They are producing a lot of grain. As a matter of fact, the problem in India right now is that they are going to have such a big crop that they are going to have very heavy pressure on prices. They are worried about meeting their commitments to the Indian producers which was that they would get an incentive price. They have a food corporation something like our Commodity Credit Corporation. We were instrumental in getting them to establish it. They made the commitment that they would hold the prices up to incentive level. The Government will go in and buy just as we do in our program, but they are worried about being able to meet it simply because of the massive crop. I talked with the Indian Minister of Agriculture the other day, and he told me that it was his judgment—and he made the statement publicly, so that I am not disclosing anything—it was his judgment that the official estimate of 95 million tons is short, and that it might be closer to 100 million tons, and that they are really scratching for storage space. They are very worried about prices, because they recognize if there should be a turn-down in price, it will have an adverse effect on production. So, they are really performing in that respect and are getting the greatest crop in their history.

**Mr. GOODLING.** Just one more question.

Are we doing anything to break down the superstitions they have had for years and years? I'm thinking of sacred cows and sacred rodents.

**Secretary FREEMAN.** I can defer to Mr. Gaud on that, I think. We are, but we are doing it quietly, because if we do it noisily, we are apt to do more harm than good.

**Mr. GAUD.** It is pretty hard for outsiders to break down a religious belief in any country, it seems to me. We certainly have talked repeatedly, and steadily, and constantly to the Indian Government about this problem, and it is more serious in some states than it is in others. I think there is some movement on this in India, but it will be extremely slow. This is a deep-rooted belief that they have.

**Mr. GOODLING.** I do not object to feeding hungry people, but I do object to feeding sacred cows which have no useful purpose—and to feeding rodents.

That is all, Mr. Chairman.

**The CHAIRMAN.** Mr. O'Neal.

**Mr. O'NEAL.** This whole subject of Public Law 480 is a rather bewildering mixture of charity and business. You might say a mixture of altruism and self-interest. Part of it is sold and part of it is given away and some is sold under various terms and some, it seems to me, is really a gift. I just wondered if you could give some explanation that would help me understand the logic behind selling consumable food to be paid for in 40 years with a 10-year grace period. Which is this? Is this business or charity?

**Secretary FREEMAN.** As you said, this program is both. I would say that it is charity, because it is going to meet the needs of hungry people who, otherwise, might starve.

I would say it is business, because those hungry people in many instances are building irrigation ditches, digging wells, carrying forward activities that will result in their economic growth, and, as I point out in my statement, a growing market for our own exports.

**Mr. O'NEAL.** Do we really expect to be paid in this 40-year period?

**Secretary FREEMAN.** Yes, sir. In my judgment, yes. And not everyone agrees with me. There is a better chance to get paid on this than on a soft-currency sale.

**Mr. O'NEAL.** You do not think we are kidding ourselves on these extremely long-term sales? Do you disagree with those that suggest that we limit it to 20 years?

**Secretary FREEMAN.** I feel that in a number of instances, where a lot of these countries are meeting very, very heavy debt repayment schedules already, that it would not be very realistic. In many cases, they would not take it, anyway, under those circumstances.

**Mr. O'NEAL.** As we look back in retrospect from 1958 to 1928, it would then be pretty tough for many to pay a grocery bill that old.

**Secretary FREEMAN.** I am sure that you would pay it.

[Laughter.]

**Mr. GAUD.** As you know, Mr. O'Neal, I am sure that the practice of using these terms, as taken over from what we were doing with our development loans in the AID program, that we have a choice, as you indicate at the outset, between making the stuff available on a grant basis which we, in effect, did with food for a long time, or getting payment for it. It seems to me that if we are interested in self-help—if you exact performance from these countries—if we want to make them increase their agricultural production and to start doing more things for themselves, we will have to shift away from the grant theory and start charging them dollars for this food.

The next question is: How much will the traffic bear?

How much of a debt burden can they assume?

And on this the experience of the other aid countries is very interesting, because today Great Britain and Canada and one or two other countries have moved to the point where they are making development loans on a non-interest-bearing basis, and making them for 30 and 40 years. We make our loans at about 2.5 percent.

The International Development Association, which is the World Bank, makes them at three-fourths of 1 percent.

The theory is that if you impose too heavy a debt burden on these countries, why, sooner or later you are going to go bust. And so that this long-term loan with a grace period is a kind of a compromise. You get more out of them than if you give it to them on a grant basis, and you make them more eager to become self-supporting, because you are putting some kind of a load on them, and yet at the same time you cannot put too much of a load on them, because you will be defeating your own purpose.

**The CHAIRMAN.** Mr. Mayne?

**Mr. MAYNE.** Mr. Secretary, you seem to put a great deal more emphasis on the achievements of the self-help aspect of this program than some of the other witnesses.

This is relatively new, of course, is it not?

**Secretary FREEMAN.** Yes, it is.

**Mr. MAYNE.** It started when, in 1966?

Secretary FREEMAN. It was written into the law in 1966, but we are doing it in terms of trying to get people to do things that we thought they should before that.

Mr. MAYNE. Have you had called to your attention the testimony of Dr. Paddock who testified here yesterday?

Secretary FREEMAN. No, I have not.

Mr. MAYNE. I am sure you are familiar with his work?

Secretary FREEMAN. I have read the book, yes.

Mr. MAYNE. In his testimony yesterday, in giving credit for the food supply in deficit areas last year, he said, and I quote:

Certainly no one will say that the self-help aspect of this bill has had an impact on the current statistics.

As I understand your testimony this morning, somebody has now done just that, and that is, the Secretary of Agriculture.

Secretary FREEMAN. Let me refer you to what I said. I think I said, specifically, that it was too early. I am not trying to say publicly that Public Law 480 with its many features is entirely responsible. I point out that bad weather did give way to good weather, but I said that a good crop in many countries was made even better, because of improvements stimulated by self-help.

And I will stand on that statement.

Mr. MAYNE. You think then it is not too early to point to really substantial increases in production as the result of the self-help aspect?

Secretary FREEMAN. I would answer "No," that it is not too early. I think, for example, some sensational returns are being had from the new wheat seed and the new rice seed that is accomplishing a transfer in usage and application worldwide that is the greatest in history, and we may very well—no one can be sure—we may very well be at the beginning of a very significant increase in agricultural productivity worldwide. I say that with caution and some reservation, but I think that there are some signs that would indicate that some very striking progress in some of these countries may very well be taking place. Of course, that is not because of self-help provisions exclusively, the passing of a law in 1966. We have been assisting agricultural development in countries like India and Turkey for nearly 20 years. We have had people in their colleges. We have had technicians there. We have been giving them training. We have been exporting know-how for a long, long time.

The Mexican wheat seed started its development over 20 years ago, under the auspices of the Rockefeller Foundation in this instance. The new rice seeds were developed only within the last 6 years. Both of them are giving very exciting results. But they would not be getting results if there was not a higher level of adaptability and know-how and some infrastructure that had been built: The availability of water that would not otherwise be available and some marketing and some extension and some education. And so we are now seeing another exciting application of new and advanced techniques in areas and by people that some years back we would not have thought possible. I merely say that there is a reason for cautious optimism.

Mr. MAYNE. Could you give us some idea of how this improvement in seed has increased the crops this last year?

Secretary FREEMAN. Well, I would say that in the area where it has been used, which is now somewhere in the neighborhood of 10 mil-

lion acres of wheat in India—I will check that figure and give it more accurately—that the yields will be doubled because of the seed. In some places, why, it is tripled and quadrupled.

Mr. MAYNE. The 10 million acres are in India alone?

Secretary FREEMAN. In India alone, in applying the new wheat seed.

Mr. MAYNE. Thank you.

I have one question of Mr. Gaud, also.

Is it true, as was stated by one of the witnesses here, that the Agency for International Development is cutting back its agricultural programs by 25 percent?

Mr. GAUD. No, sir.

Mr. MAYNE. What is the fact on that situation?

Mr. GAUD. For the fiscal year 1969, the budget request that we now have before the Congress, we would propose, if we got the total of about \$2½ billion that we have asked for, we would propose to devote \$800 million of that, one-third, to the direct support of agriculture. This would be in the form of loans for fertilizer, loans to build fertilizer plants, funds for research, funds for technical assistance, and the like. This is an increase—I have forgotten the exact figures—of substantially in excess of what we are doing this year, and, again, this year we are spending more than we did the last year. So that it is anything but true that we are reducing our support for agricultural development.

Mr. MAYNE. Thank you.

Mr. GAUD. If I may, I would like to say a word more about this business of self-help which you raised with the Secretary.

One of the big things about this present Public Law 480 is its self-help provision of last year. Mr. Paddock says that he does not feel that there has been time enough to see the fruit of the self-help provision in India or anywhere else. The fact of the matter is that the Department of Agriculture and AID have been cooperating and using self-help provisions for a matter of several years now. If you will take India, for example, putting together the type of aid that we do, what Public Law 480 says, we have introduced a good many policy changes in India, that is, with respect to the allocation of resources to agriculture as against industry, with respect to permitting the erection and construction of fertilizer plants by private investors rather than leaving it only to the Government in half a dozen different ways. There have been policy changes in India. Their price policy has changed.

In Pakistan, again, there has been changes in pricing policies, in the importation of raw materials, fertilizers, the distribution and production of fertilizers, which has been put in the private sector where it used to be in the public sector.

We have had similar changes that we have worked out together, similar conditions which we have worked out together in Brazil, in Indonesia, and in a number of other countries. This is something that is real. This is not, so far as these conditions go, something that is going to happen; this is something that has been done.

Mr. MAYNE. Thank you. That is all, Mr. Chairman.

Mr. O'NEAL. May I have another go?

The CHAIRMAN. Yes, sir.

Mr. O'NEAL. Mr. Secretary, I was just wondering to what extent, relative to the whole question, would we use the 40-year loan proposition?

Would you just comment in general terms or give us some idea about where and how often would we do that?

Secretary FREEMAN. I need a little help.

How many have we made?

Let me check the figures.

The progression is to make harder loans.

(The information follows:)

PUBLIC LAW 480 PROGRAM COSTS, FISCAL YEARS 1965-69

[In millions of U.S. dollars]

Fiscal year	Local currency	Convertible local currency credit	Dollar credit	Private trade entities
1965.....	1,508.8	-----	207.25	3.75
1966.....	1,287.8	-----	232.9	41.7
1967.....	1,067.7	26.0	190.7	5.0
1968 (estimate).....	740.0	200.0	302.0	34.0
1969 (estimate).....	522.4	378.0	408.5	40.0

Mr. O'NEAL. Are the figures available that you can submit which would show when and where you have made the 40-year loans?

Secretary FREEMAN. Yes, they are.

Mr. O'NEAL. I would be very much interested in that, Mr. Secretary.

Secretary FREEMAN. We will supply that.

(The information follows:)

Countries (including date of agreement) with which convertible local currency credit agreements with payments up to 40 years have been signed under PL 480, Title I during calendar year 1967:

[Dollar amounts in millions]

Country	Market value	Date signed
India.....	\$24.2	June 24, 1967
Afghanistan.....	4.34	July 19, 1967
Pakistan.....	23.4	Aug. 3, 1967
India.....	19.0	Sept. 12, 1967
Indonesia.....	19.5	Sept. 15, 1967
Guinea.....	13.42	Oct. 18, 1967
Indonesia.....	1.3	Nov. 1, 1967
Indonesia.....	1.55	Nov. 22, 1967
Pakistan.....	8.7	Dec. 26, 1967
India.....	46.9	Dec. 30, 1967

<sup>1</sup> 31-year payment.

Mr. O'NEAL. I want to go back—and I want to thank you for the complement you paid me about the grocery bill. I was really thinking about General De Gaulle when I asked the question. [Laughter.]

Secretary FREEMAN. So long as you mention that, we made the mistake of wiping out a very substantial debt, running into some billions of dollars, that France owed us at one time. We did so with the idea that we were never going to be repaid, and we wish we had not.

Mr. O'NEAL. As I understand it, 17 other nations owe debts to us. This whole thing puzzles me. I want to know why we would create a fiction here that it is business when it is really charity on these 40-year loans.

Secretary FREEMAN. I do not think it is. There is at least a possibility. We have, in our judgment, nothing to lose and everything to gain.

Mr. O'NEAL. Thank you.

That is all, Mr. Chairman.

Secretary FREEMAN. We can give for the record the places where the 40-year loans were made.

Mr. GAUD. These started in 1967, according to the new law.

Afghanistan, we made a loan of \$4 million on these terms.

Guinea, about \$3½ million.

India, \$90 million.

Indonesia, about \$22½ million.

Pakistan, \$32 million.

This totals about \$152 million.

Mr. O'NEAL. This is all?

Mr. GAUD. There have been one or two in 1968.

I do not have those yet. I have not got those figures here, I mean.

Mr. ABERNETHY. Will you yield?

Mr. O'NEAL. Yes.

Mr. ABERNETHY. I would like to have the percentage of sales for cash and local currencies?

Mr. GAUD. Let me take 1957, to give you a picture.

Local currency sales in 1967 totaled \$912 million.

The figures that I read before, \$152 million dollar sales; dollar credits, \$139 million.

Now, this last year we were operating on the basis, you will recollect, that the law required us to shift from the local currency sales to the dollar sales over a period of 5 years. Last year, we were operating in India and Pakistan, the two biggest customers, on a 20-percent basis. This year it goes to 40 percent; next year to 60 percent, and so forth. So that the proportion of sales made on this basis would increase each year until we finally reach the point where, in countries which cannot afford the dollars, the very hard terms, it will all be on the local currency basis. On that basis, it was made to India. The total there was \$458 million of sales to India, local currencies, and \$90 million on the other basis.

Mr. ABERNETHY. How about the sales to India—are the additional sales anticipated in the forthcoming fiscal year to be on this basis?

Mr. GAUD. For India?

Mr. ABERNETHY. Yes.

Mr. GAUD. Yes; it is expected that it will be 40 percent rather than 20 percent.

Mr. ABERNETHY. As well as to the other countries?

Mr. GAUD. As well as to Pakistan and some of these other countries such as Afghanistan and Indonesia and Guinea.

Mr. ABERNETHY. Do I understand you correctly that percentage-wise there will be more of these 40-year sales?

Mr. GAUD. More of the 40-year sales and less of the local currency sales.

Mr. ABERNETHY. We are moving toward the credit side.

Mr. GAUD. We moving in these countries like India and Pakistan—we are moving from sales for local currencies to sales for dollars, al-thongh on easy terms. In Latin America and in Korea and in a number of other countries, of course, the sales are all for dollars on much harder terms.

Mr. ABERNETHY. Of course, we have built in those countries now stockpiles of currencies that are far beyond the capacity to use them.

Mr. GAUD. That is correct.

Mr. ABERNETHY. What are we going to do with them?

Mr. GAUD. That is one of the reasons, of course, why we are shifting to sales for dollars. What we will do with those currencies is more than I can tell you. We did have a proposal a year or two ago to create in India a joint United States-Indian Foundation which would be financed with a very large grant of Indian rupees which the United States accumulated as the result of Public Law 480 sales. That transaction was discussed, I think, with this committee at the time. It was discussed with the Indian Government. It has never gone through.

To the extent that we possibly can, we use these local currencies to pay the expenses of our missions over there; we manage to convert a certain number of them; we manage to use them for research. We use them in our family planning programs; we use them in a good many of our programs, but we do not have a prayer of a chance of coming anywhere near using the Indian and Pakistan rupees that we have.

Mr. ABERNETHY. Will you yield for one more question?

Mr. O'NEAL. Yes, sir.

Mr. ABERNETHY. Are any of these sales being made on harder terms rather than the full 40-year rates?

Mr. GAUD. Yes, sir—you mean on harder terms?

Mr. ABERNETHY. Yes.

Mr. GAUD. Yes—not to India or Pakistan, but to a great many other countries.

Mr. ABERNETHY. But to India and Pakistan they are all on a 40-year basis?

Mr. GAUD. Yes, sir.

Mr. ABERNETHY. The law does provide that it may be less?

Mr. GAUD. Yes.

Mr. ABERNETHY. But you do not contemplate making them any less?

Mr. GAUD. No, sir; based on our estimate of their foreign exchange capabilities.

Mr. ABERNETHY. Thank you.

Mr. O'NEAL. I have one more question.

The CHAIRMAN. Wait just a minute.

The Chair is not going to get into the situation that we have been in two or three times, of having any member take charge and yield the time around. With all due respect I want to do that.

When somebody wants to ask a question, ask the Chair for recognition rather than asking somebody to yield.

I have no objection to asking a member to yield for questions, to clear up an immediate question, but this is an impossible situation otherwise.

I want Mr. O'Neal to put his question, but I thought he had yielded the floor to Mr. Abernethy.

You go on and finish your questioning.

Mr. O'NEAL. I have forgotten what the question was. [Laughter.]

The CHAIRMAN. Mr. Teague.

Mr. TEAGUE of California. I would appreciate it, Mr. Secretary, if you would furnish for the record a brief summary of the present status of the terms under section 107—private trade.

Secretary FREEMAN. We will be happy to do that, Mr. Teague.

(The information follows:)

**SUMMARY OF PUBLIC LAW 480 PRIVATE TRADE AGREEMENTS AND AMENDMENTS SIGNED, IN CHRONOLOGICAL ORDER, CUMULATIVE EVERY 6 MONTHS**  
 [Dollars in thousands]

1966: Dec. 31 -- July 1, 1966 through Dec. 31, 1966: Spain (RAGSA) <sup>6</sup>

		Total for this period	Total for calendar year 1966	225	1,975		
		Total to date	41,778	3,665	45,443		
June 22	Jan. 1, 1967 through June 30, 1967: Korea (Purina)	Fiscal year 1966-70	4%	Dec. 31, 1969	3 (1973) 1,375 145 1,520		
June 30	China (TDC) extends tallow supply period through calendar year 1967 on agreement Nov. 15, 1965.						
		Total for this period	1,375	145	1,520		
		Total fiscal year 1967	1,375	145	1,520		
		Total to date	43,153	3,810	46,963		
July 1, 1967 through Dec. 31, 1967: Chile (Fontaine)	Fiscal year 1968-70	5%	Dec. 31, 1969	15 (1985)	13,155 530 13,685		
Oct. 25	Guatemala (PAA)	Calendar year 1967-68	5	Dec. 31, 1968	10 (1978)	1,109	1,109
Nov. 2	Iran (Pars) amends agreement of Feb. 24, 1966	Fiscal year 1968	5%	Dec. 31, 1969	10 (1978)	96	-96
Nov. 30							
		Total for this period	14,360	434	14,794		
		Total for calendar year 1967	15,735	579	16,314		
		Total to date	57,513	4,244	61,757		

<sup>1</sup> Interest on shipments in each calendar year computed from date of last shipment in that year.  
<sup>2</sup> If 2 interest rates are given, 1st applies prior to 1st principal payment and 2d rate applies thereafter.

<sup>3</sup> This is the percentage of the total amount of commodity financing for deliveries in each calendar year which must be paid on delivery.  
<sup>4</sup> Intervals run from date of last shipment in each calendar year.

<sup>5</sup> Principal usual repaid in approximately equal annual installments. Figure in parenthesis indicates approximate maturity date.

<sup>6</sup> Interest rate of 4½ percent annually applies to commodities delivered in calendar year 1966.

Interest rates of 4½ percent annually applies to commodities delivered in calendar year 1967.

<sup>6</sup> Amended Hernandez Agreement Nov. 4, 1965, to change name to Refineria Aceitera Canaria, S.A. (RACSA).

**THE CHAIRMAN.** Are there any other questions?

It is almost now 12 o'clock. We are extremely obliged to you and your staff and your associates for coming here. We are going to close the public hearings on this question. The Chair does feel that probably we have not had as many suggestions as we would like to have had in the way of changes in this legislation. Most everybody has told us about how good the program has been and most everyone wants to continue it. I think the committee all agree that we want to continue this legislation, but if there are those who feel that they want to suggest changes in this legislation, let me say that it is fast approaching the time when you will be too late with your suggestions.

We welcome suggestions and statements for insertion in the record.

The committee will be in executive session during this next week. Anyone who wants to make further elaboration on their statement may do so, or may submit additional statements, that is, during the coming week, at which time the testimony will be closed.

I did not understand that Mr. Gaud wanted to make a separate statement.

**MR. GAUD.** No, Mr. Chairman. I would appreciate it if the statement that I have prepared could be made a part of the record.

**THE CHAIRMAN.** It will be made a part of the record at this point. (The prepared statement submitted by Mr. Gaud follows:—)

**STATEMENT OF HON. WILLIAM S. GAUD, ADMINISTRATOR, AGENCY FOR INTERNATIONAL DEVELOPMENT**

Mr. Chairman and Members of the Committee, the Agency for International Development strongly seconds Secretary Freeman's endorsement of P.L. 480 and the bill before this Committee which provides for its extension.

As the Secretary has explained, P.L. 480 has served the nation well in expanding international trade, developing and expanding export markets for American agricultural commodities, promoting the foreign policy interests of the United States, combating hunger and malnutrition, and encouraging economic development, particularly agricultural development, in the developing countries. I would like to expand upon the last point—the way in which P.L. 480, along with the dollar loans and the technical assistance provided by A.I.D., has helped these countries develop their economies and grow more food.

A.I.D. works closely with the Department of Agriculture to assure that P.L. 480 assistance and A.I.D.'s dollar programs under the Foreign Assistance Act complement one another so as to achieve maximum development results.

In 1966 the Congress wisely added a number of self-help provisions to P.L. 480. Before entering into any agreement with a developing country for the sale of P.L. 480 agricultural commodities, the President must consider the extent to which that country is helping itself to increase per capita food production and improve storage and distribution facilities for agricultural commodities. We welcomed this emphasis upon self help. As President Johnson has pointed out on numerous occasions, our aid program is "rooted in the principle of self help."

The P.L. 480 self help provisions have been very useful. A December 1967 P.L. 480 agreement with India calls for a number of self help measures by the Indian Government: the establishment of buffer food stocks; government purchase of all foodgrains offered for sale at announced procurement prices; increased irrigation activities; and increased use of pesticides, fertilizers and high yield seeds. In Indonesia, where fertilizer prices heretofore discouraged extensive use of fertilizers, a P.L. 480 agreement now provides that the Indonesian Government will take steps to establish a more favorable spread between fertilizer prices and rice prices.

P.L. 480 commodities feed hungry and malnourished people in countries which cannot now grow enough food or purchase it commercially. And P.L. 480 local currency finances projects which will help these countries develop their economies and grow more food. The President's Science Advisory Committee Panel on the World Food Supply warns that the developing countries' food needs will at least double in the next twenty years. These countries must not only grow

much more food; to avoid even graver food problems after 1985 they must also adopt effective family planning programs now. A.I.D. gives highest priority to both jobs, food and population.

The primary responsibility for developing population programs, as well as programs to increase agricultural production, rests squarely with the developing countries themselves. Today, some 26 countries representing over a billion people have official family planning policies. A number of them are making substantial progress in meeting their population problems. A.I.D. is doing all it can to help.

Our policy is to provide assistance, when asked, for voluntary family planning programs. We do not force a family planning program, or any particular type of family planning program, on any country. And we will not assist any program unless it leaves each individual free to decide whether he or she will participate in any family planning activity. We want no part of either international or individual coercion. We do not make family planning a condition of aid.

Our assistance for population work has increased sharply in the last few years. Our dollar programs amounted to \$2.5 million in FY 1965; this fiscal year we have already obligated or committed over \$23 million for population projects. We will fund additional projects before the end of the fiscal year and hope to reach the \$35 million figure contained in Title X of the Foreign Assistance Act. Our population staff in A.I.D. has increased from 8 people in 1966 to 52 people today.

P.L. 480 local currency helps us greatly in both our food and our population work. In the Philippines, for example, P.L. 480 local currency supports irrigation work and a program of supervised farm credit. In Ceylon, P.L. 480 proceeds help to build vital farm-to-market roads; in Morocco, improved forage and seed production; in Bolivia, rural water supply systems. Nearly \$2 million in P.L. 480 rupees will finance a number of important nutrition projects in India, including the development of low-cost protein foods.

Population work requires substantial amounts of local currency. Indeed, the vast preponderance of family planning program costs are local currency costs—salaries for family planning workers, advertising costs, training costs, and the like. Here, too, P.L. 480 plays an important role. This fiscal year we have already programmed over \$10 million worth of P.L. 480 local currency for population work, principally in India and Pakistan. In India, we have obligated \$4 million worth of rupees for population work, including a very large family planning advertising campaign, perhaps the largest advertising campaign ever mounted in India. In Pakistan we expect to obligate about \$5.3 million in rupees for family planning projects.

P.L. 480 local currency, in the form of Cooley loans, benefits both private American business and the developing countries. Cooley loans are made to American firms and their foreign affiliates and to foreign companies investing in enterprises which will increase American exports of agricultural products. They greatly assist our efforts to encourage private American investment and the growth of strong private sectors in the developing countries. They also help developing countries to attract the American investment needed for development.

Since the Cooley loan program was transferred from the Export-Import Bank to A.I.D. in January 1, 1962, we have made 242 Cooley loans, aggregating \$258.7 million in local currency. Cooley funds totaling \$88 million in local currency are currently available in 15 countries.

Cooley loans support some important development projects. Cooley loans totaling \$21.8 million in rupees were made for the Coromandel fertilizer project, India's largest fertilizer plant. This \$70 million project, owned by two American companies and an Indian company, was dedicated last December. It is now producing some of the fertilizer which India vitally needs to increase her food production.

A Cooley loan of \$168,000 in rupees was made to a Pakistani subsidiary of the G. D. Searle Company, of Chicago. The Searle plant in Pakistan will make and market a number of drug products including two contraceptives which will be used in Pakistan's family planning program.

During 1967, A.I.D. made Cooley loans totaling \$29.5 million in 13 countries for a variety of projects including the construction of a fertilizer plant in Pakistan, seed processing and research in India, and animal and poultry feeds in Chile.

The equivalent of \$41.2 million was earmarked for Cooley loans by the local currency commodity sales agreements signed during calendar year 1967—4.5% of the total. We will assure that additional funds are reserved for these private

enterprise loans in future sales agreements which call for payment in local currency.

Another important private development program is conducted under Title II of P.L. 480 by the American voluntary agencies. Nearly half a billion dollars of commodities move abroad under Title II, providing relief from famine and malnutrition and the means for food for work and other economic development programs. This food is doing its job. It is reaching the needy. It is staving off disease and building strong bodies. Governments and people receiving Title II food know its source and are grateful to the people of the United States.

Most Title II food is moved abroad through the American voluntary agencies. I cannot pay enough tribute to the work of these organizations. They provide the scarce yet indispensable management and organization, through their own staffs and by mobilizing local resources, which makes Title II so effective.

A special Title II \$25 million emergency food program last year helped India avert famine in its eastern states. The voluntary agencies performed magnificently. They distributed daily meals of Title II food to more than eight million Indian children. The food for work activities under the regular Title II program, administered by CARE, Catholic Relief Services and Church World Service/Lutheran World Relief, fed another 400,000 people. Their performance received recognition and praise all the way to the top of the Indian Government. It also stimulated new respect for private development activity. In a recent pamphlet called "Beyond the Famine", the Prime Minister's Press Secretary, Mr. G. B. Verghese, said this:

"The special role that voluntary bodies can play in development is as pathfinders and pace-setters. So many of the problems facing the country are novel and complex and cannot be tackled satisfactorily by conventional methods. There is need for experimentation and unorthodox approaches. Once established, it would be easier for the Government to take over or adapt these procedures. They (the voluntary agencies) can . . . destroy the ancient myths of what can and cannot be done in India."

Title II food has brought school lunches to millions of Indian children for the first time. Title II food for work projects have included schools, community buildings and roads. At Bala Mandir, Title II food supplied through a voluntary agency provides abandoned children with an adequate diet. CARE, in cooperation with the local groups, uses Title II commodities to feed some nine million Indian school children every day.

In the Philippines, a major irrigation system was rehabilitated and expanded under a food for work Title II program run by the Catholic Relief Services. 31 miles of canals and irrigation ditches were widened. Some 452,000 pounds of Title II commodities partially paid for the labor. As a result, rice production in the area will more than double, through increased yields and the double cropping which the new irrigation system allows.

In Korea nearly one half million acres of land have been reclaimed and redistributed under a Title II food for work program. In Kyonggi Province, national and local government and local farmers are engaged in a rural development project using Title II food as the principal form of payment for labor. A barren countryside has been transformed into a garden spot through flood control, rice paddy rearrangement, terracing, irrigation and reforestation.

In Ghana, under the self-help portion of a food agreement, farm-to-market roads are being built so that farmers can reach consumers and get good prices for their products. Construction workers are paid in part with Title II food.

In Peru, a successful reforestation program has been carried out under Title II. Since 1963, some eight million eucalyptus trees have been planted on over 11,000 acres of land by workers partially paid with Title II commodities. The trees will be harvested and will provide work and income for the participating communities. The Peruvian Government has requested that the program be expanded, to cover over 45,000 acres during the next two years.

Since 1962 Title II commodities have assisted a nationwide school feeding program in Brazil. During the 1967 school term, about 4 million Brazilian students received school lunches prepared with Title II foodgrains and vegetable oils. Title II also supports a successful adult literacy program in Brazil. Approximately 217,000 pupils and 33,000 volunteer teachers and helpers receive Title II food.

I might also mention our recent work to enrich and fortify Title II food, under Section 203. High protein corn-soya-milk blend (CSM) was successfully used last year for the first time. To date, we have provided 400 million pounds of CSM for Title II programs, primarily in India and Brazil. We are also pro-

viding a wheat-soya blend. We expect in the near future to enrich Title II grains with fish protein concentrate, to boost protein content. These high protein food blends provide immediate improvement to children's diets and also pave the way for acceptance of the new fortified foods which are now being developed under the Agency's nutrition research and development program.

In summary, Mr. Chairman, P.L. 480 has performed nobly in promoting economic development in general and in stimulating agricultural development in particular. The Cooley loan program and the Title II voluntary agency and food-for-work programs have proved extremely valuable in supporting private development work, by American business, by the American voluntary agencies and by local institutions.

We urge the extension of this vital legislation.

**Secretary FREEMAN.** Mr. Jacobs also has a prepared statement. May he submit that for the record?

**The CHAIRMAN.** Without objection, Mr. Jacobs' statement will be made a part of the record at this point.

(The prepared statement submitted by Mr. Jacobs follows:)

**STATEMENT BY GEORGE R. JACOBS, ACTING DEPUTY ASSISTANT SECRETARY OF STATE FOR INTERNATIONAL RESOURCES AND FOOD POLICY**

Mr. Chairman, I appreciate the opportunity to be here this morning to discuss the renewal of PL 480. I want to say at the outset that this legislation, the Agricultural Trade Development and Assistance Act of 1954, as amended by the Food for Peace Act of 1966, is undoubtedly among the major legislative initiatives of the past two decades.

The Administration has asked the Congress to renew this authority to make sales and to carry out donation programs without change until December 31, 1971. Secretary Freeman and Mr. Gaud have amply covered the main reasons for this request.

I would like to make only one additional point:

As the Committee no doubt is aware, the President has asked the Senate to advise and consent to U.S. participation in the International Grains Agreement. This Agreement includes a Food Aid Convention providing for 4½ million tons annually of food aid supplied by developed nations. It runs for three years. We need, therefore, sustained authority to maintain our participation in this Agreement and to support this major breakthrough in multilateral burden sharing.

Mr. Chairman, in the life of Public Law 480 the food situations of many free world developing nations have changed—many have improved, and the immediate character of several U.S. problems related to this Act has shifted. Secretary Freeman has outlined very well for the Committee the many domestic policies served by this legislation. But with all these domestic benefits, PL 480 is still in important degree one of the greatest expressions of the compassion and humanity of the American people. First and foremost, PL 480 serves the basic desire of the American people to relieve hunger and malnutrition and to assist in the development of friendly countries.

While it is essentially a program of assistance, *PL 480 makes important contributions to our balance of payments*. In Calendar Year 1967 the U.S. realized in balance of payments gains or savings about \$325 million from local currency uses alone. In the years since 1954 the U.S. has realized altogether \$3.6 billion in such gains or savings through local currency expenditures in lieu of dollars.

There are other balance of payments advantages. Since the addition of dollar credit authority to the Act agreements amounting to \$993 million have been signed providing for payment in dollars. Over the life of PL 480, \$2.6 billion in U.S. agricultural products have been sold through barter programs. In addition, initial or down payments have been obtained in 27 agreements equivalent to \$28 million in dollars or convertible currencies.

It is difficult, Mr. Chairman, to sum all of these balance of payments assets up in a single number. Roughly speaking, since passage of the Act in 1954, the United States has sold and donated a total of \$18 billion worth of commodities under PL 480. Of this amount, balance of payments assets generated for us in the forms indicated add up to a sizeable share, perhaps as much as 40% of the value of all commodities supplied.

In the foreign policy sphere, PL 480 contributes in many ways to our basic objectives. It, of course, advances self-help in many areas of agricultural development and it encourages and assists voluntary family planning programs; it bolsters the advancement of free economic institutions and aids in the development of markets for U.S. agricultural products; it encourages adoption of liberal trade and investment policies; and helps free nations develop and move toward more stable and more advanced societies.

We do not achieve any of this necessarily in any one agreement or sequence of agreements with PL 480 recipients. Basic habits, customs and institutions cannot be changed overnight. We advance here, as everywhere, by successive steps aimed at answers that lie in the interests of both sides. We need continuity of influence and persuasion to do this.

But very encouraging developments are occurring. The dimensions of the food problem and the basic, self-help nature of its solutions are now widely perceived. It is widely understood by poorer food deficit countries that food aid can only fill the gap between present hunger and early future ability to feed themselves better from home production.

I understand that John Lewis, Director of the U.S. AID Mission in India, spoke of many encouraging developments in the fields of family planning, fertilizer use and other technical advances in agriculture during his appearance before the Committee on Wednesday.

As you will recall, Mr. Chairman, the Administration made a major effort last year to improve food aid burden sharing to deal at that time with India's food needs generated by a second year of drought. Main free world developed countries joined us, and with the cooperation of the IBRD we were able, within the AID India Consortium group, to muster on behalf of India roughly the equivalent of 2.5 million tons of food in resources for food purchases, debt relief and other support of agricultural development.

While that effort was being pursued on an emergency basis, a major new multilateral burden sharing program was being negotiated in Geneva and Rome—the Food Aid Convention of the International Grains Agreement of 1967. Many developed nations of the free world have joined in this multilateral commitment to provide 4½ million tons of grain or the cash equivalent of grains in each of the next three years, starting July 1. This agreement goes far, Mr. Chairman, toward making operative truth of what the President often has stated—the problem of hunger in the world is the common problem of all men everywhere.

Many developing nations obviously need further help for some time to achieve the development goals we and they are seeking for them. The Act of 1966, contemplating essential areas of self-help in agriculture and of family planning, tailored the law to meet new needs not envisioned in the original Act. Our major surpluses are gone, but the need for food as a vital interim feature of our developmental assistance goes on. The Act of 1966 also covers this need by providing for production planning to include expected needs for commodities under PL 480.

What appears in prospect in coming years? Secretary Freeman has outlined activities in agricultural development self-help. Mr. Gaud has highlighted advances in family planning.

The effects of progress in these areas will show up over time in heightened development, in more stable economies, in healthier societies, and in rising demand for U.S. exports including agricultural commodities.

We look, with advances on these fronts, to a reduction of the unrest in the world and eventually to a *reduction in demands on United States resources* that are related to the persistence of unrest.

But with these things in prospect, we must keep up the effort. We must keep up essential food supplies to hungry people in the degree needed to keep up and to increase human drive and energy. We must keep up nutritional programs aimed at making fully productive men and women of today's children—children whose development should not be blunted by malnutrition and hunger, if there are any actions that we and any other developed nations can take to prevent it. We should keep available the tremendous influence that PL 480 provides to achieve the advances that underlie the crucial field of agricultural development.

We must sustain our effort if we are to win the War on Hunger and provide the assurance of adequate food for all. Food enough to go around is at the foundation of peaceful societies. It is at the heart, therefore, of the War on Hunger and of our national interest.

**Secretary FREEMAN.** Not for inclusion in the record, but for the interest of the committee, we have a rather interesting pamphlet which points out research programs around the world financed by currencies in those countries which have an immediate import to the domestic agriculture as well. I will have them distributed.

**The CHAIRMAN.** Very well. We thank you for that.

(The following telegrams, letters and statements were also submitted to the committee:)

NEW YORK, N.Y., February 27, 1968.

**Hon. W. R. POAGE,**  
*Chairman, Committee on Agriculture,  
House of Representatives, Washington, D.C.:*

In view continued and steadily increasing need for sharing American abundance of food and fiber with people of less developed countries this agency wholeheartedly endorses and urges extension Public Law 480.

Bishop EDWARD E. SWANSTROM,  
*Executive Director Catholic Relief Services.*

MARCH 8, 1968.

Re H.R. 15693 to extend Public Law 480 now before your committee.

**Hon. ROBERT POAGE,**  
*Chairman, House Committee on Agriculture:*

At industry meetings in Chicago March 6 and 7, the Committee on Agriculture and executive committee, Millers' National Federation reviewed the important accomplishments of this legislation over many years and fully support its extension for another three years.

The significant increases in exports of agricultural commodities, useful market development programs, the encouragement of economic development and improved nutrition with new fortified products have been very beneficial not only for the United States but all countries involved. We also urge your committee to recommend more emphasis in new self-help programs for developing effective food distribution which is urgently needed in most developing countries.

C. L. MAST, Jr., President.

STATEMENT OF THE INTERNATIONAL TRADE DEVELOPMENT BOARD AND THE INSTITUTE OF AMERICAN POULTRY INDUSTRIES

The United States poultry and egg industry's International Trade Development Board and the Institute of American Poultry Industries supports legislation which would extend the Agricultural Trade Development and Assistance Act of 1954 for three years.

The poultry industry through these organizations cooperates with the Foreign Agricultural Service of the United States Department of Agriculture in carrying out market development programs for poultry and eggs in foreign countries.

The Agricultural Trade Development and Assistance Act, as amended, which is often referred to as P.L. 480, has been a major factor in the development of a growing export market for United States agricultural products. Agricultural exports not only serve to strengthen farm prices but they are making a major contribution to the nation's balance of payments. Agriculture represents a basic and national asset which is replenishable. The development and maintenance of export markets for our agricultural products is vital to the well being of our national economy.

This Committee and the Committee on Agriculture of the House of Representatives recognized this fact when P.L. 480 was enacted. Both Committees have given continued recognition to the importance of, and need for, continuing and strengthening the agricultural market development programs conducted through, and in cooperation with, agricultural trade groups with almost every amendment to, or extension of, P.L. 480. These programs are the direct outgrowth of the leadership of the committees on agriculture of the House and Senate, and of the legislation initiated by them.

Because of the great emphasis which is placed on the Food for Peace aspects of this legislation and the need for supplying food to the less developed areas of the world, the importance of market development and the benefits of market development activities to American agriculture and to our national economy are frequently overlooked. We, therefore, wish to commend this Committee for its farsighted leadership and urge that it continue to emphasize the importance of market development programs.

We would like to add at this point as a part of our statement, and as a part of this record, the report which was made to the Subcommittee on Foreign Agricultural Operations of the House Committee on Agriculture by the Honorable Clifford R. Hope, a former Chairman of that Committee. The report was made by Mr. Hope on behalf of the trade groups with whom the Foreign Agricultural Service cooperates in carrying out market development programs. This report contains a brief review of the legislative history and congressional policy with respect to the market development activities under P.L. 480 and points out the lasting benefits being derived by American agriculture from the use of comparatively small amounts of foreign currencies which are being generated under P.L. 480 sales. The record of the meeting at which this report was made was not printed and we believe that the report will indicate the need for the extension of this important legislation.

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**STATEMENT OF CLIFFORD R. HOPE, BEFORE THE SUBCOMMITTEE ON FOREIGN AGRICULTURAL OPERATIONS OF THE HOUSE COMMITTEE ON AGRICULTURE, ON BEHALF OF CERTAIN COMMODITY ORGANIZATIONS WHICH COOPERATE WITH THE U.S. DEPARTMENT OF AGRICULTURE IN MARKET DEVELOPMENT ABROAD UNDER THE PROVISIONS OF THE AGRICULTURAL TRADE DEVELOPMENT ACT OF 1954, AS AMENDED.**

Mr. Chairman; my name is Clifford R. Hope. I am submitting this statement on behalf of a number of cooperators in the foreign market development program which has been set up by the U.S. Department of Agriculture under the provisions of the Agricultural Trade Development and Assistance Act of 1954, usually referred to as Public Law 480 of the 83rd Congress.

I want to begin by expressing to this Subcommittee the very deep appreciation of the cooperating organizations and myself for affording us the opportunity to make this report. We fully recognize that it was the leadership and foresight of the Committees on Agriculture of the House and Senate which brought these market development programs into being. This leadership was provided at the time of the enactment of Public Law 480 and has continued through all amendments thereto and extensions thereof including the extension last year.

The importance and scope of the Market Development program to American agriculture is illustrated to some extent by the many important agricultural commodities which are represented by cooperating organizations. Geographically all parts of the nation and almost all commodities are represented.

Expanded markets for American agricultural products is the one primary and lasting benefit which was sought to be achieved for United States agricultural producers through Public Law 480.

Following World War II American agriculture, as a result of the spur of massive technical advances and increased production which had been brought about to meet war demands, was faced with increased supplies and dwindling export outlets. Markets which had been supplied through war time measures and aid programs ceased to be markets as these programs were curtailed. Practically all countries were experiencing a lack of foreign exchange. The Committee recognized this and sought to remedy the dollar gap by authorizing the sale of agricultural commodities which were in excess to our needs for foreign currencies. It also recognized that supplying agricultural commodities for foreign currencies to overcome a lack of foreign exchange was only a part of the picture.

To meet this situation the Committee chose to blaze a new trail, to plow virgin soil and pioneer a new method for strengthening foreign markets. Under P.L. 480 the Committee proposed not only to authorize sales of surplus agricultural commodities for foreign currency to friendly countries experiencing balance of payments problems but it provided authority and policy direction to carry out a program of foreign market development designed to develop and expand markets for these products. The legislative history in connection with the passage, renewal and extensions of the Act indicates that there were three things uppermost in the minds of the Congress in passing the legislation; namely (1) endeavor to make it possible to sell our accumulated supplies of agricultural

products, (2) maintain, expand and develop markets for current production of these products and (3) preserve the functions and identity of our private trade.

The events of the past twelve years have clearly demonstrated the wisdom and foresight of the Congress.

P.L. 480 went into effect early in July 1954. For the fiscal year ending on June 30 of that year, our total exports of agricultural commodities were \$2,936,000,000. Of this amount, \$2,331,000,000 was commercial sales for dollars. For the fiscal year ending June 30, 1967, it is estimated that our agricultural exports will reach a total of \$6.8 billion. Of this amount, it is estimated that \$5.3 billion will be commercial sales for dollars. In the past thirteen years, our total agricultural exports increased by 132% and our commercial sales for dollars by 130%. During this period, agricultural exports have increased at a faster rate than nonagricultural exports. They now are about a fourth of the total U.S. exports. They have covered a wide range of commodities and every state in the Union has benefited from them. In fact, about half of the U.S. agricultural exports today consists of products that were insignificant in international trade before World War II. Most of the increase in agricultural exports has been to the hard currency areas. It goes without saying that the foreign exchange received for these exports has contributed materially in helping with our balance of payment problem. These exports also serve to strengthen our domestic economy and have been a major factor in effectuating our foreign policy and in assisting our efforts to support peace and freedom.

Trade expansion in the billions of dollars does not just happen by itself. While the spectacular expansion which has taken place in agricultural exports is due to many factors, certainly one of the most important is the cooperator market development program set up under the authority of P.L. 480. We believe that as time goes on, this program will assume even greater importance. This is not only because of the increase in world productivity and buying power but also for the reason that much has been learned by both Foreign Agricultural Service and the cooperators in the program. In the beginning, there were few guideposts to go by. It was very much a matter of trial and error. There were not as many unknown factors involved as there are in putting a man on the moon, but there were a lot of problems which could only be solved by experience.

But this is no time for any of us to rest on our laurels. While this country has gone far and done much in expanding trade in agricultural products, our competitors have not been idle. Competition is increasing and we can expect it to continue to do so, as other countries expand their production and intensify their marketing activities. These countries are also using trade barriers, subsidies, and other devices to take our markets away.

There is increasing evidence that the world trend toward freer trade is slowing down and may actually be receding. The time is here when we, who are interested in expanded agricultural trade, whether in government or out, must redouble our efforts, increase our cooperation, and take such action as will assure equitable and competitive market access for our products. Otherwise, our hopes and dreams of expanding world trade on a basis of comparative advantage and the efficient allocation of resources will disappear as subtly as the smile of a Cheshire cat. We must not permit our markets abroad to be destroyed or to be taken away because of our unwillingness to fight and compete for them.

With the Committee's permission I would like to take a few moments to review the legislative history and congressional policy with respect to market development activities under the provisions of Public Law 480, and especially the use of foreign currencies for that purpose. Although the intent of Congress on this question was quite clear, there appears to have been considerable reluctance in the Executive branch of the government, especially in the Bureau of the Budget, to recognize and accept the clear and definite direction of the Congress on this matter.

At the outset it was completely discretionary with the Executive branch to determine the amount of foreign currency generated under the sales of agricultural commodities under Public Law 480 which would be made available for agricultural market development. In order to make certain that ample foreign currencies would be made available for market development purposes, the Congress, in 1959, found it necessary to write into law an amendment to section 104(a) which directed that the equivalent of not less than 5 percent of the total foreign currencies received from the sale under Title I be set aside and made available for the purposes of market development.

The report of the House Committee on Agriculture on the 1959 amendments contains the following explanation: "Despite the clear intent of Congress, adequate foreign currencies are not being made available in the principal commercial areas for this important work. To insure that sufficient amounts of these foreign currencies are used for market development as authorized under section 104(a) of Title I, this section directs that the equivalent of not less than 5 percent of the total sales under Title I be made available for this purpose. This will eliminate the delays and difficulties which have been involved in the process of allocation by making this minimum amount available to the Secretary of Agriculture for this purpose."

However, the Bureau of the Budget, in submitting its recommendations to Congress on the agricultural market development program, has often disregarded the provisions which gave priority to the use of foreign currencies for market development and earmarked 5 percent of the total sales proceeds and loan repayments for that purpose. Actually, in its recommendation for fiscal year 1960, the Bureau suggested language which would have prevented the use of any foreign currency for market development in dollar market countries. Fortunately, Congress rejected the proposal.

In the budget which the Bureau sent to Congress for fiscal 1961-62, it went even further in its efforts to thwart the intent of Congress in the use of foreign currency for foreign market development. On this occasion, the Bureau apparently chose to forget that there was such a law as P.L. 480 and that market development programs had been carried out under its provisions for several years. It entirely ignored the law and set up an item calling for an appropriation in dollars for "market development activities abroad" under Title VI of the Agricultural Act of 1954. This title concerns agricultural attaches and its principal purpose is to transfer them to the Department of Agriculture. It has no connection whatsoever with market development under P.L. 480. The object of the Bureau in using this subterfuge was apparently to get away from the plain language of P.L. 480, as well as its legislative history, which pointed out specifically that foreign currencies were to be set aside and used for market development purposes. Again, Congress did not accept the viewpoint of the Bureau, and the appropriation was made in accordance with the provisions of P.L. 480.

Later, the provision that 5 percent of the foreign currency derived from sales under Title I be set aside for market development purposes became ineffective mainly because the currencies which were set aside consisted of currencies which could not be used in countries which offered the greatest market development potential.

The Committee on Agriculture again manifested its leadership to make certain that foreign currencies of the type and kind needed would be available for agricultural market development purposes. Public Law 480 was amended in 1961 to require that Title I sales agreements contain a provision that not less than 2 percent of the proceeds of future P.L. 480 sales and loan agreements be freely convertible into the type and kind of currencies needed for market development. The action of the Congress in specifically directing that not less than 5 percent of the foreign currencies received under Title I sales be set aside for market development, and the latter amendment providing for the conversion of not less than 2 percent of the total sales proceeds, clearly indicates the deep importance which this Committee attached to market development. As a result of these amendments it has been possible for the government to finance the cooperator market development programs almost entirely from foreign currencies.

Members of the Committee will recall that prior to the enactment of Public Law 480, the Congress had repeatedly given to the Department of Agriculture, in numerous pieces of agricultural legislation, both the authority and funds to help expand foreign markets for United States agricultural products. While undoubtedly much good work was accomplished under this authority, in the main such efforts consisted largely in gathering statistical information and making of reports, with the exception of limited export payments to increase competitiveness of certain United States agricultural products. It was not until the establishment of the cooperative market development program under Public Law 480 that promotional and sales drives were actually organized and used in foreign market areas. I am certain that the function of the cooperators and their importance to the success of the market development program is not fully understood, even by many people in government, particularly those who have only come on the scene in recent years.

The key to the success which has been achieved in market development under Public Law 480, in my judgment, has been the enlistment of the assistance of the producers and private trade through non-profit industry-wide commodity organizations to actually carry out market development activities. This fact distinguishes market development under Public Law 480 from all other market development efforts carried out under prior legislation. Both the Committee and the Department of Agriculture recognized that the Department, as an agency of Government, was not in a position to establish the relationships and understanding which are essential to the expansion of international trade. It was also clearly understood that activities to expand the private trade could best be carried out through the private trade. Consequently, in the very beginning, the Department properly invited the non-profit trade organizations to enter into cooperative contracts or arrangements to develop and carry out market development programs best suited to the needs of the particular commodity involved.

In the market development program government, producers and industry work together as a team in a cooperative effort to achieve a national objective. The Government's principle role should be to obtain fair and equitable access to foreign markets. It also provides the foreign currencies necessary to carry out the program abroad together with policy guidance and supervision to see that it is carried out in accordance with the provisions of Public Law 480, as amended. The cooperating producer and trade organizations bring into play commodity knowledge and expertise, sales drive, trade judgment, and serve to stimulate sales efforts of the United States industry.

Although the Congress did not require these non-profit producer and trade organizations to pay any of the costs of the programs which could be met with the foreign currencies made available under the law, in order for them to cooperate and assist in the market development program, they do contribute greatly to the success of the programs and their assistance results in substantial costs to them. These non-profit organizations as such do not benefit from the programs. All foreign currencies received for market development go into approved program operations. Their sole objective is to expand markets for agricultural commodities. The benefits of their efforts flow to domestic producers and to the national economy generally, just as do the efforts of the employees of the Department of Agriculture.

The non-profit trade organizations have not only indicated their willingness to cooperate, but they have met the necessary dollar costs in the United States for overall supervision and backstopping. By enlisting the interest, support, supervision, expertise, and assistance of these groups, the Department has been able not only to provide the framework for successful market development activities, which the government itself could not have provided, but through their activities they brought into being, as I have said, the strong interest, sales drive and energies of the private traders essential to the development of private trade.

The cooperators have provided valuable assistance without charge or cost to the government in the carrying out of market development programs and are capable of developing trade interest and relationships with foreign buyers which government officials cannot do. Cooperators have also saved the Department thousands of dollars which would otherwise have been incurred and have made it unnecessary to increase government personnel which would have been employed by the government if it were to attempt to perform any of the functions performed by the cooperators.

More than that, the cooperation of industry and government for the benefit of U.S. agriculture cannot be measured in monetary terms. It is a program that is unique in government history.

We believe that this new concept of forging together the unique capacities of non-profit private trade groups with those of Government in agricultural market development a real success story. It has proved to be a practical and effective way to carry out market development.

We realize that there have been some criticisms of Public Law 480 market development programs. This was bound to be the case. After all, this has been an entirely new field both for the Government and for most of the cooperators. There have been misunderstandings and some mistakes. But, the cooperators along with the Department have worked, and are working constantly to improve these programs.

We believe, that they are soundly based and that there is better understanding of our market opportunities, our objectives, and of our problems than ever before. In all likelihood, there will be mistakes in the future. But complete

inaction is the only way to insure against mistakes and that would be the greatest mistake of all.

There have also been criticisms by persons who are uninformed as to program or policy objectives or who may have no concern or responsibility for effectuating the objectives of the legislation. This is another reason why we desire to keep this Committee fully informed because it is the Committee which has the responsibility for policy and on whose guidance we wish to rely.

The job of Government and non-profit cooperating trade groups is to open up markets, stimulate demand, provide market opportunities, stimulate sales drives, and increase exports of United States agricultural products. They have to ream out the pipelines and remove the barriers to trade so that trade can flow. These are jobs which neither the Government nor the cooperators can do alone, but working together they can accomplish much. Cooperator organizations vary widely in their size, natural resources, and method of operation. No two are exactly alike just as no two commodities are exactly alike. They cannot be treated exactly alike. The market opportunities and problems of different commodities necessarily must have different treatment. Some commodities have been in foreign markets for many years and their principal competition is in the form of substitutes such as competition which cotton is experiencing from synthetics. Other commodities have problems of market access, because of trade barriers which have been erected, merely because they are competitive. Other commodities are relatively new to foreign markets and need specialized introductory type programs. Others are faced with subsidized competition and need programs to make them competitive.

Much effective market development work also can and should be carried out in less developed areas which are not commercial markets now but will be as their economies develop. So the extent, character and type of market development programs which are to be carried out must provide for broad flexibility. It would be a great mistake to attempt to standardize market development programs or to take any action which would restrict imagination, destroy initiative, or eliminate trial and error in coping with the many changing and difficult conditions confronting United States agricultural products in world markets.

Mr. Chairman, I hope that our brief review and report will be helpful to the Subcommittee in its review of this vital program. We are intensely interested in it and desire that it be carried out in a way which will meet the expectations and hopes of the Congress in enacting and extending the legislation which made it possible.

On behalf of all of the cooperators represented, I desire to thank the Subcommittee for hearing us at this time and to request your continued support for this program which is so important to the long-term future of American agriculture.

We would like to add a few brief comments with respect to the importance of this program to poultry and eggs and their products.

The development of a market for U.S. poultry products under P.L. 480 is an outstanding example of success in building export markets in spite of a wide variety of handicaps.

Prior to 1956 the United States exported very little poultry meat commercially. Under the authority of P.L. 480 broad range market development programs were instituted under partnership agreements between USDA and the Institute on behalf of the U.S. poultry and egg industry. We have opened and developed markets for U.S. poultry where there were no markets for it before. We have had to be diplomats, traders, negotiators, promoters, and merchandisers. Through our own government we have worked with governments of other countries to try to overcome all kinds of trade barriers—tariffs, license controls, barriers under the guise of health regulations and other non-tariff barriers. We have had to overcome the prejudice against frozen poultry—even change eating and cooking habits.

Market development programs have given the poultry industry a new dimension. The industry has put forth great efforts to build a favorable image abroad for U.S. poultry and into promotion to build total consumption and enlarge the total market.

Nearly 100 countries are now buying U.S. poultry. The bulk of poultry sales have been for dollars.

United States poultry products are still relatively new in export markets. They are demonstrating daily their ability to compete in foreign markets if given the opportunity to do so. We have a good beginning, but exports are im-

portant to the poultry industry and we need to maintain and expand them through the continuation of market development programs made possible through the Agricultural Trade Development and Assistance Act of 1954.

Mr. Chairman, we urge the Committee to extend the Act to December 31, 1971.

**STATEMENT OF E. CLINTON STOKES,<sup>1</sup> ON BEHALF OF THE CHAMBER OF COMMERCE OF THE UNITED STATES**

The Chamber of Commerce of the United States appreciates the opportunity to share the views of the general business community with regard to the extension of the Public Law 480 program, more popularly known as the Food for Peace program. The National Chamber is the largest association of business and professional organizations in the United States and is the principal spokesman for the American business community.

We were pleased that P.L. 89-808, the Food for Peace Act of 1966, which expires December 31, 1968, contained a number of major improvements over the previous P.L. 480 authorities, namely, (1) emphasis on population control through family planning programs in the recipient countries; (2) more emphasis on self-help—to expand per capita food production in recipient countries; (3) authority to provide U.S. commodities from open markets as well as from government stocks; (4) greater emphasis on sales for dollars; (5) greater reliance on private trade, particularly small businesses, and (6) more assistance through research, education and technical training.

The National Chamber believes that an orderly expansion of the economies of the less-developed countries of the free world is in the interest of the United States. It engenders higher living standards and greater purchasing power in these countries and thereby enhances the development of expanded commercial markets for U.S. international trade.

It is apparent that there continues to be a need for outside assistance to help close the food-population gap within a number of friendly nations. When people are starving, the principles of international morality place an obligation on the nations with abundant productive capacity to meet the emergency aspects of the food crisis. The people of this country are willing to make some sacrifices in this humanitarian aspect.

Our aid programs should provide assistance in the proper evaluation of the resources and know-how in these countries—natural and agricultural resources, industrial and marketing capabilities, and institutional facilities for the effective application of research and information.

We emphasize, however, that such assistance will contribute to the achievement of the objectives of the P.L. 480 program only if there is a reasonable degree of social responsibility and economic and political stability within such countries. Manifestations of genuine efforts to achieve these conditions should be considered prerequisite to aid, the end-objective of which should be the implementation by the recipient country of remedial measures to reduce and ultimately eliminate the need for extensive outside assistance.

Our assistance programs should be structured so as to enable the recipient countries to learn through demonstrations the advantages of our free-enterprise system over state trading systems. This means that authority for extension of the P.L. 480 program should place greater reliance on private industry, in the recipient countries as well as the United States, in the sharing of goods, technical assistance, research and information. Our own economic progress and security should serve as a useful example to the less-developed countries in their search for economic stability and in the stimulation of private investment, both domestic and abroad.

To achieve long-term U.S. foreign policy objectives in each area and country, and to engender widespread understanding and support, the concept, scope and administration of our foreign assistance programs, such as P.L. 480, must be continually reviewed and improved.

The National Chamber supports the extension of the existing provisions of P.L. 89-808 with the following modifications:

1. That the program be extended for not more than two years.

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<sup>1</sup> E. Clinton Stokes, Senior Associate, Community and Regional Resource Development Group, and Secretary, Agriculture Committee, Chamber of Commerce of the United States.

2. That the terms of the agreement provide maximum opportunity for transactions through the private sector—both in the United States and in the recipient countries. This should apply to technical assistance, research and information, as well as to the sale of commodities.

3. That commodities, both for sale and donation, be obtained from U.S. commercial market sources at prevailing market prices so far as possible. (This means that producers would receive the full market price for exports under concessional sales and donation programs as well as for regular commercial sales. This would also facilitate the termination of acquisition and maintenance of stocks for sale by the U.S. Government. Existing stocks could be disposed of through donations in a manner which will not be injurious to commercial market opportunities.)

4. That government commitments of commodities for concessional sales and donations be determined and announced publicly well in advance so as to enable producers and marketing firms to provide needed adjustments in production and marketing plans.

5. That the recipient countries be authorized to secure the committed commodities directly from American commercial sources in accordance with their own market specifications.

6. That greater effort be directed to encouraging maximum sales for dollars or on dollar credit terms to assist in the solution of U.S. balance-of-payments problems.

7. That greater encouragement be provided for other free world nations to share increasingly in bearing these responsibilities.

These recommendations are designed to implement more effectively the objectives of the P.L. 480 program and facilitate maximum reliance on our private enterprise system. Limiting extension of the law to not more than two years will serve the need for frequent review and adaptation of the aid provisions to fit the type of assistance needed. It will also permit an objective appraisal of the Food and Agriculture Act of 1965 which expires in 1969 and enable the development of successive legislation with a minimum of interdependence with respect to the provisions of the P.L. 480 program.

NATIONAL COUNCIL OF THE CHURCHES OF CHRIST  
IN THE UNITED STATES OF AMERICA,  
CHURCH WORLD SERVICE,  
*New York, N.Y., March 11, 1968.*

Hon. W. R. POAGE,  
*Chairman, Committee on Agriculture,  
House of Representatives,  
Washington, D.C.*

DEAR CONGRESSMAN POAGE: Church World Service is the cooperative overseas relief and rehabilitation agency of 32 major Protestant and Orthodox communions comprising the National Council of the Churches of Christ. We have had the privilege of distributing Food for Peace commodities on a people-to-people basis since the inception of the program. These commodities have provided a valuable resource in combination with the food, fiber, medical and agricultural supplies and other goods provided by our church members out of their compassion for those in need.

We place on the record our endorsement of the proposal to extend Public Law 480 for a three-year period.

Additionally, we suggest that the intent of The Congress be established to assure that voluntary agency programs receive programmed commodities in timely and adequate amounts, lest these programs involving hundreds of self-help projects and thousands of volunteer workers be disrupted because of temporary shortages of particular commodities or market fluctuations.

Church World Service has tried to be careful stewards of our resources, both public and private. We appreciate the humanitarian concern of this Government as expressed in legislation such as the Food for Peace Program. We commend your efforts to assure its continuation for the increased benefit of the needy overseas whom we mutually endeavor to serve.

Sincerely yours,

JAMES MACCRACKEN,  
*Executive Director.*

AMERICAN ASSOCIATION OF UNIVERSITY WOMEN,  
*Washington, D.C., March 13, 1968.*

Hon. W. R. POAGE,  
*House of Representatives,*  
*Washington, D.C.*

DEAR REPRESENTATIVE POAGE: The American Association of University Women desires to express its support for a three year extension of P.L. 480, the Agricultural Trade Development and Assistance Act of 1954 as amended. We believe much has been accomplished in the years since its enactment in aiding other countries to improve their general well-being, and in establishing markets for our present and future productivity.

We speak from deep concern that is expressed in our membership in the form of intensive study, currently underway, of food and population problems of the developing countries.

In a time of national financial stringency, extension of P.L. 480 seems a very constructive way of maintaining our objective of aiding developing nations. We would like to point out the impressive results of permitting use of counterpart funds to promote academic research and student exchange. We urge that the legislation before you include arrangements for use of counterpart funds for academic research and for interchange of students from this country to broaden the knowledge and understanding of Americans about foreign nations.

Sincerely yours,

MISS VICTORIA SCHUCK,  
*Chairman, Legislative Program Committee.*

MISS GWENDOLYN CARTER,  
*Area Representative in World Problems.*

STATEMENT OF REV. L. MAYNARD CATCHINGS, COMMITTEE FOR INTERNATIONAL DEVELOPMENT, UNITED CHURCH OF CHRIST, AND REPRESENTING THE DIVISION OF INTERNATIONAL AFFAIRS OF THE NATIONAL COUNCIL OF CHURCHES

STATEMENT OF THE COMMITTEE FOR INTERNATIONAL DEVELOPMENT

We wish to recognize the significant contribution that has been made toward alleviation of the problems of world hunger under the provisions of P.L. 480 since its enactment in 1954. However, we are concerned about the fact that the level of food shipments have declined in recent years in the face of increasing need. We would like to go on record as favoring the extension of this legislation along with the expansion of some of its provisions.

1. It is our feeling that the level of authorization should not be lowered at this time and that every effort should be made to secure a full appropriation of the authorized amounts in the future.

2. We would like to see the population control section enlarged and strengthened.

3. We endorse the request for a three year extension of the bill with the hope that this will in no way curtail further efforts to reevaluate the program in the interest of strengthening and improving it.

4. In face of the need for hard currencies in the developing countries for their legitimate development needs, it does not seem practical in terms of promoting long term development to insist on a stepped up conversion to dollar sales at this time.

A greater effort should be made to use the local currencies that accumulate for development of local agricultural productivity and such things as improved educational and health facilities, increased opportunities for cooperatives and credit union development as well as stimulation of local private business enterprises.

In this regard we also support an increased use of Food for Work plans and an increased use of the Cooley amendment and provision 107 for advancement of U.S. private enterprise involvement in developing countries.

As the main goal should be getting the food to those who need it, in certain emergency situations greater consideration should be given to outright grants.

5. We commend the trend to production for need rather than the "disposal of surpluses" approach. In line with this there should be adequate price incentives

for an increase in quantity as well as quality of food produced which may better fill the nutritional vacuum.

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NATIONAL COUNCIL OF THE CHURCHES OF CHRIST IN THE U.S.A.,  
*Washington, D.C., March 15, 1968.*

Hon. W. R. POAGE,  
*U.S. House of Representatives,*  
*House Office Building,*  
*Washington, D.C.*

DEAR REPRESENTATIVE POAGE: On behalf of the Committee for International Development of the United Church of Christ, I wish to submit for the consideration of the Committee on Agriculture of the House of Representatives, the enclosed statement in support of legislation designed to extend the Food for Peace Act (P. L. 480).

As the Committee considers this statement, may I also call to your attention the following statements relative to the issue which were included in a policy statement adopted recently by the General Board of the National Council of Churches:

"While commending the U.S. Government for giving major attention to family planning programs, to urge that this priority be given increased emphasis.

To urge an emergency increase of food aid through adequate production and purchase of food-stuffs. Food aid in a time of famine is a national priority. Food producers in the U.S. must be given adequate price incentives.

To encourage the Government to extend the Food for Freedom Program (Public Law 480) and to broaden and extend its authority for the sale and donation of commodities and purchase of high protein foods. It should make such food aid available to needy people, through governmental, intergovernmental, and voluntary agencies, without discrimination because of ideological or cold war consideration."

We are closely following the deliberations of your Committee on this important issue of America's responsibility for world poverty and hunger and wholly support you in efforts to extend the Food for Peace Act.

Thank you for including the attached statement in the record of the hearings.

Sincerely yours,

L. MAYNARD CATCHINGS,  
*Associate for International Development.*

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NATIONAL COTTON COUNCIL OF AMERICA,  
*Washington, D.C., March 15, 1968.*

Hon. W. R. POAGE,  
*Chairman, House Committee on Agriculture, Longworth House Office Building,*  
*U.S. House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: On behalf of the National Cotton Council whose membership includes cotton farmers, ginners, warehousemen, seed crushers, merchants, manufacturers, and cooperatives, I am writing to you in support of the enactment of H.R. 15693, 90th Congress, 2d Session.

The Council has supported the legislation covering the sale of surplus agricultural commodities for local currencies since the inception of the Agricultural Trade Development and Assistance Act of 1954, which is commonly known as PL-480; and the Council supported the amendment to the legislation providing for long-term dollar credit for surplus agricultural commodities.

The PL-480 program has moved, and continues to move, significant quantities of cotton to countries which did not have, and do not have, sufficient U.S. dollars to purchase their requirements of U.S. cotton. We believe that the program definitely has resulted in expanding U.S. exports of cotton. Under PL-480, from July 1, 1954 to June 30, 1967, 9.8 million bales of cotton were exported for foreign currencies and 984 thousand bales were exported on long-term dollar credit. During Fiscal Year 1967, exports were 578 thousand bales for foreign currencies and 405 thousand bales for long-term dollar credit. These exports represented 21 percent of our exports during that year. It is anticipated that the exports under PL-480 during the current fiscal year will total approximately the same as last year, but will represent a greater percentage of our exports since total exports this fiscal year probably will be below our total exports last year.

From these figures, you can understand and appreciate the importance of the PL-480 program to our cotton exports.

The Congress wisely provided that 5 percent of the proceeds of sales for local currencies and loan repayments be set aside for market development work and that 40 percent of this set-aside be eligible for conversion into currencies necessary for market development activities in dollar markets or potential dollar markets. This provision of law has enabled the U.S. Department of Agriculture and cooperating U.S. industry organizations to undertake effectively agricultural market development programs in countries which are, or have the potential of becoming, dollar markets. It is considered that this aspect of the legislation affords American agriculture one of the only long-term benefits that will accrue to it under the PL-480 program. We strongly recommend that the present set-aside and conversion provisions for market development activities be retained in the continuing legislation.

In regard to cotton, PL-480 agricultural market development funds have been, and are continuing to be, used by the U.S. cotton industry for promotional programs for cotton in general in certain important importing countries. These efforts have been, and are being, carried out in cooperation with the U.S. Department of Agriculture. When the newly established international Institute for Cotton, which is an intergovernmental organization, assumed the responsibility for the cotton market development efforts in Western Europe and Japan as of January 1, 1967, the U.S. cotton industry discontinued its efforts to promote cotton generally in Western Europe and Japan. However, the U.S. cotton industry, in collaboration with the U.S. Department of Agriculture, is continuing to work specifically on behalf of U.S. cotton in Western Europe and Japan, as well as in other countries which are significant importers of cotton. Proceeds from the sales of agricultural commodities under PL-480 are used to pay the U.S. assessment to the International Institute for Cotton, and to pay a portion of the costs of the activities carried out abroad by the U.S. cotton industry.

Man-made fibers are the principal competition for cotton in foreign markets. As an indication of this fact, it is pointed out that from the 1957-58 cotton season to the 1966-67 season, total annual fiber consumption in the Foreign Free World increased from the equivalent of 29.3 million bales of cotton to 45.8 million bales, or an increase of 57 percent, while the consumption of cotton increased only 25 percent during this period. If cotton had maintained the percentage of the market in 1966-67 that it held in 1957-58, then consumption of cotton in the Foreign Free World would have totaled 6.5 million bales more in 1966-67. Under such circumstances, U.S. cotton would have had a significantly greater marketing opportunity, and our exports probably would have been significantly larger provided our cotton had been competitive in price, quality, and availability. From these illustrations, you can readily understand and appreciate the importance of promoting cotton generally in its competitive battle with man-made fibers. In the future, the International Institute for Cotton will carry out most of the promotional activities for cotton generally, but the U.S. cotton industry will undertake certain activities for cotton generally in certain cases where it appears that such efforts would benefit U.S. cotton exports. We strongly recommend continued support by the United States of the vital program that is being carried out by the International Institute for Cotton.

If U.S. cotton gains and maintains its share of the international market for cotton, it is essential that some activities be carried out specifically for U.S. cotton in foreign markets. In the future, the Council will concentrate its promotional efforts abroad on activities specifically promoting American cotton in foreign countries in order to increase our marketing opportunities and to expand our exports of cotton. It is hoped that it will be possible for the U.S. cotton industry, in collaboration with the U.S. Department of Agriculture, to continue to use PL-480 currencies to promote U.S. cotton specifically in significant foreign markets, since increasing our exports of cotton for dollars could assist materially in correcting our balance of payments problem. As an illustration, in Fiscal Year 1957-58, the value of commercial dollar exports of U.S. cotton totaled \$557 million, whereas in 1966-67, they totaled only \$310 million. It is anticipated that the value of commercial dollar exports of cotton might total around \$310 million in 1967-68, even though the level of our exports this season probably will be significantly below what we consider a normal level of exports.

Since the PL-480 sales for local currencies and the sales for long-term dollar credit significantly expand our exports of U.S. cotton, and since some of the proceeds of the PL-480 sales for local currencies help finance cotton's com-

petitive battle with man-made fibers and help finance the promotion of U.S. cotton exports specifically, the Council recommends the extension of this vital program and supports enactment of H.R. 15693.

In case you, or any of the Members of Your Committee, desire additional information about cotton under the PL-480 program, we would be happy to provide it.

We respectfully request that this letter be incorporated into your Committee's official hearing records on H.R. 15693.

With best wishes,  
Cordially,

CARL C. CAMPBELL,  
*Director of Foreign Operations.*

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STATEMENT OF L. C. CARPENTER, VICE PRESIDENT, MIDCONTINENT FARMERS ASSOCIATION, COLUMBIA, MO.

Mr. Chairman and Members of The Committee, we are pleased to have the opportunity to file this statement in support of our Nation's Food for Freedom Program.

It is extremely important to all of our citizens, especially our family-farmers who produce the commodities supplied and distributed through this program, that Public Law 480, expiring at the end of 1968, be renewed and extended.

In the almost 15 years it has been in effect, PL 480 unquestionably has proved its worth to our country. Initiated and made into law by the 83rd Congress which designated it (and I quote) "An Act to increase the consumption of U.S. agricultural commodities in foreign countries, to improve the foreign relations of the United States, and for other purposes".

"The Congress hereby declares it to be the policy of the United States to expand international trade; to develop and expand export markets for U.S. agricultural commodities; to use the abundant agricultural productivity of the United States to combat hunger and malnutrition and to encourage development in the developing countries, with particular assistance to those countries that are determined to improve their own agricultural production; and to promote in other ways the foreign policy of the United States."

Surely these were and are commendable aims. Events and history of the past 15 years show our country, as well as those countries we have assisted, have substantially profited in many ways from Food for Freedom program embodied in PL 480. The scope of the program has been extensive. In the 12 fiscal years 1955-1966 \$17.2 billion of U.S. farm products have been exported under PL 480 and AID to 53 foreign countries. This embodied about 30 percent of all our agricultural exports during this period.

Let us take a brief look at the benefits and accomplishments resulting from PL 480:

1. The abundant production of U.S. farmers, dispensed through PL 480 and its interrelated programs, has prevented millions of human beings throughout the world from starving to death in recent years. From a humanitarian standpoint this fact is of paramount consideration.

2. Our farm commodities, freely provided, have greatly assisted former war-torn, have-not and under-developed nations such as Japan, Korea, Taiwan, Greece, Israel, Spain, Yugo-Slavia and the Phillipines to get back on their feet and become economically self-sufficient to a remarkable degree. Their economies have improved to the extent they have a flourishing world trade now. More recently, even India with its half billion human beings, appears definitely on the road to self-sufficiency although it still requires assistance.

3. To many of these countries sales of our food and feed grain commodities and our processed food products are now being made for dollars, thus enhancing our balance-of-payments position.

4. Our Food for Freedom and Food for Peace programs, made possible through PL 480, definitely have helped ward off encroachment by communistic and other forms of dictatorship upon free, but poor and weak countries. New African nations, in a state of flux and turmoil need our help. If people are not hungry they are not likely to revolt in desperation and permit oppressive dictatorship.

5. Our farm products have created and are continuing to create overseas markets for our agricultural production. There is a liking and demand for what we produce, process and make.

6. PL 480 has enabled our nation's efficient farm production plant (a plant composed of our combined three million farm families) to operate at a gratifying level. This laudable situation is of utmost importance in the present era of world-wide tension, conflict and uncertainty. The ability to produce abundant food on short notice is an invaluable asset to any country's security. We need to be secure in this respect *tomorrow* as well as today.

7. U.S. agricultural exports in recent years have been bulwarked by PL 480. It has provided a base from which our agricultural exports have risen to \$7 billion last year from \$4.5 billion a few years ago. Dollar sales of agricultural exports have risen from \$3.2 billion to \$5.2 billion in the same period.

8. Agricultural exports are of immense value to many sectors of our economy, not only to our farmers, but to all business and industry. Grain merchandised and shipped overseas engenders not only good will and good relations but also brings back hard cash to help even America's balance of payments. It also created employment and business for many people besides the farmer. Among these are elevator and storage people and their staffs, truckers, barge men, railroad people, farm machinery and fertilizer manufacturers, bankers, insurance people, customs men, inspectors, shipping crews, as well as employees of the utilities and petroleum industries. The list is long.

These are some of the truly desirable advantages of our Food for Freedom, Food for Peace ideals. We know of not a single important disadvantage. A few critics may carp at the cost. But the cost is insignificant when compared to the \$30 billion or more annual cost of the Vietnam conflict; of the billions spent each year on the Moon programs; of the billions of dollars handed out here at home for a multiplicity of welfare projects. If PL 480 and its allied programs helps to avert only one small war, one costly revolution fostered by communism and brought about by hunger and discontent, is averted in this world the modest cost of our PL 480 exports is well worth while from a dollars and cents standpoint.

Our farmers like to produce. And they need to produce in volume since they are not receiving parity prices per pound and per bushel for their commodities. Presently one out of every four acres harvested in the U.S. goes into exports. In 1967 this represented about 70 million acres of our harvested cropland. Ponder what this means to our family-farmers—25 percent of their total harvest is dependent upon overseas usage! PL 480 shipments to date have composed a substantial portion of this 25 percent.

But for all their efficiency and ability to produce our farmers are sadly underpaid for their vital contribution to our citizens and the nation's welfare. A USDA report just released states that net income to U.S. farmers declined by 12 percent in 1967, compared with 1966. The average net income per farm fell almost \$500. In Missouri the average income of our family-farmers declined 14 percent.

What has caused this decline in a period of prosperity, rising prices and wages? It has been caused by moderate overproduction of some farm commodities, resulting in lower per unit prices for farm commodities, the situation being further aggravated by soaring production costs.

To a substantial extent our Food for Freedom exports take care of this burden-some surplus. It would seem desirable to increase such exports through concessional bargaining, barter and various types of agreements.

At this time it seems appropriate to bring up the topic of adequate reimbursement to our family farmers for their share in this worth-while project. U.S. farmers in many instances are not receiving cost of production for commodities furnished for export. Our farmers are competing with heavily subsidized agricultural production in many countries throughout the world. It would be but elementary fairness to our efficient family-farmers if they were guaranteed parity prices for every pound and bushel of wheat, corn, soybeans and other commodities they supply for export under PL 480 and allied programs. The ensuing cost of whatever method of reimbursement used would then be shared equally among *all* U.S. taxpayers, *including the farmers themselves*. As it is now farmers are to a great extent forced to subsidize PL 480 shipments. The United States, for foreign policy reasons, dispenses other types of foreign aid besides food. Suppliers of material and goods such as armament, fertilizers, machinery, etc., furnished under various programs are *not* asked to contribute these non-food items *at or below cost*.

In conclusion, we fully support the bill you are considering and hope for early affirmative action by this committee and the Congress.

Thanks for the opportunity to present our views.

**STATEMENT OF WILLIAM B. EDGERTON, FRIENDS COMMITTEE ON NATIONAL LEGISLATION**

My name is William B. Edgerton. I make this statement as a representative of the Friends Committee on National Legislation, a Quaker organization that has been at work here in Washington for the past twenty-five years in an effort to interpret Quaker concerns about legislative issues relating to matters of peace, human welfare, and justice. Those of you who know the highly individualistic nature of the Society of Friends are aware that no individual or organization can speak officially for all Friends. But a fairly broad consensus exists among all members of the Society as a result of three hundred years of Quaker efforts to apply to the problems of practical life our religious beliefs about the nature of man and his relation to God.

I should like to address myself exclusively to one point that arose in the discussion following John H. Foster's testimony before you on February 29. That is the issue of the restrictions written into the present law on making sales of agricultural commodities under Title I of this act "to any country or area dominated by a Communist government." We advocate the removal of these restrictions.

Perhaps I may have some qualifications for speaking about the presuppositions underlying these restrictions as a result of my professional training and experience. I am on leave of absence from Indiana University, where I am a professor of Slavic Languages and Literatures. For the past twenty-three years I have devoted most of my time to study, research, and teaching about the Soviet Union and the Communist countries of Eastern Europe. In connection with Quaker work during and after World War II, and my scholarly research and teaching, I have made a total of 15 trips to various East European Communist countries, nine of them to the Soviet Union. Since I speak three of the languages of the area, Russian, Polish, and Serbo-Croatian, my contacts with the people of the Soviet Union and Eastern Europe have not had to be filtered through the sometimes murky medium of interpreters.

**THE ANTICOMMUNIST RESTRICTIONS IN PUBLIC LAW 480**

As I read Section 103(d) of Public Law 480 and the reports in the Congressional Record, I gather that a number of distinct questions have been under discussion. One is the question of forbidding sales to any country engaged in any kind of trade with Cuba or North Vietnam. Another is the question of forbidding sales only to those countries trading strategic materials to Cuba or North Vietnam. Still a third question concerns 103 (d.2) which forbids sales of agricultural commodities for foreign currencies "to any country or area dominated by a Communist government."

I have read the Congressional Record account of the controversy between the House and the Senate over such questions as whether a distinction should be made between countries trading with North Vietnam and those trading with Cuba, whether a distinction should be made between strategic and non-strategic materials, and whether the United States should in any case presume to control the foreign-trade policies of nations buying food from us under Public Law 480.

It would no doubt be futile for me to become involved here in this controversy. Since the Vietnam War itself has the effect of narrowing the range of politically feasible choices open to Congress, the most effective way to work for greater flexibility in this section of Public Law 480 is the indirect way of working for an honorable negotiated peace in Vietnam.

What I should like to discuss is the assumptions about present-day Communism that underlie such provisions as the one in Section 103 (d) of Public Law 480 which forbids sales of agricultural commodities to "any country or area dominated by a Communist government."

**ANTICOMMUNISM AND ANTICAPITALISM—TWIN OVERSIMPLIFICATIONS**

Perhaps I can best explain why I question that provision by stating that it is an exact parallel to the attitude toward capitalism that I have found in the Soviet Union. On my first visit to Moscow in 1955 I stopped two women on the street one day to ask questions. They turned out to be a mother-in-law and daughter-in-law whose son and husband had been killed in World War II; and as soon as they found out I was from the United States (I was probably the first American they had ever met), they plunged into a deeply moving statement about how much they had suffered from World War II and how much they hated war. When I told them the American people hated war just as much as they did, the two women were actually astonished—and also greatly relieved. Then the older

woman looked thoughtful and said, "Yes, I can believe that. I'm sure the American *people* don't want war—it's just the capitalists." In answer I said: "I've heard almost exactly the same thing in America about your country. People say, 'We are sure the Russian *people* don't want war—it's just the Communists!'"

I argue the same point here that I have argued time and again in the Communist countries of Eastern Europe: when we lump all the people in the Communist countries together and dehumanize them by sticking that Communist label on them, we are making the same unrealistic mistake that the dogmatic Communists themselves commit in reverse when they label all of us as capitalists and assume that the label makes us all alike. Likewise, when we assume that all Communist countries are alike, we make the same kind of mistake the Communists make when they lump together countries as different as the United States, Sweden, Afghanistan, Paraguay, Israel, and India, and condemn them all as capitalist.

#### THE NATIONALIST MOVEMENT WITHIN COMMUNISM

There are a number of things I might venture to say about Communist realities if I were not trying to keep this statement short—such as, for example, the importance of our distinguishing three separate elements in present-day Communism: the economic, the political, and what I call the pseudo-religious. But perhaps I may emphasize just two points that I believe the American people in general have failed to take fully enough into consideration.

The first one is the role of nationalism within the Communist countries today. It seems to me that nationalism even goes a long way toward explaining the transformation of the international Communist movement into an instrument of Soviet foreign policy during the latter years of Stalin's rule. As soon as Communists came to power in other countries, however, they began to demonstrate in their actions that the loyalties produced by national language and culture and traditions tend to be stronger than any loyalties produced by any political philosophy—even Communism.

First Tito and Yugoslavia broke with the international Communist movement in 1948, then Poland gained a measure of independence in 1956 and Hungary tried unsuccessfully to gain real independence in the same year. More recently Rumania has taken an increasingly independent line in foreign policy, and now each day's news brings us more information about the struggle to liberalize Czechoslovakia.

To be sure, there still are people in our country who persist in refusing to believe all this, and who can even bring themselves to believe that the differences separating the Soviet Union and Communist China are somehow some kind of window dressing, especially set up to deceive the outside world. To my mind the only sure way to keep on believing today in one centrally controlled worldwide Communist movement is to keep away from the facts. These facts are so numerous that if I were challenged to prove my statement about Communist nationalism, I would feel somewhat the way I have felt in the Soviet Union when Russians refuse to believe such obvious things as the fact that the Federal Government here in Washington does not really control all the fifty state governments, or everything that is printed in all American newspapers, or the research that my colleagues and I carry on in Russian studies.

#### STRUGGLES FROM WITHIN FOR THE LIBERATION OF COMMUNISM

The second point I should like to stress is the clear evidence of struggles that are now going on in a number of Communist countries between what we might call Communist reactionaries and Communist liberals. Most visitors to a Communist country who speak the language and stay there long enough to get below-the surface of life quickly realize that the great masses of that country's inhabitants know perfectly well which Communist Party members can be trusted and which cannot—and also which non-Party members can or cannot be trusted.

Since the Communist Party is the unchallengeable ruling minority in every Communist country, we must be prepared to see much of the struggle for greater freedom carried on between reactionary and liberal factions within the ruling party itself, because very few persons who are not Party members are in a position to exert any effective political influence. It is quite possible, though, that even this may gradually change. Soviet scientists and writers, for example, have spoken out with great courage recently on important issues concerning human freedom and justice.

Soviet young people have spoken out more boldly than their elders. Just within the past few days our newspapers have headlined reports of demonstrations in Warsaw by thousands of Polish students. At this very moment the Czech students are in the news for similar reasons. It is interesting for us to see that the United States is not the only country with a New Left movement among its young people. But what is particularly interesting about the New Left in the East European Communist countries is that they are struggling for greater freedom, equal justice under law, and protection against the abuse of power by the government itself. In other words, the New Left in the Communist countries is struggling as best it can to establish within their own economic system something like the freedoms guaranteed to American citizens under our Bill of Rights.

#### THE INFLUENCE OF A POSITIVE AMERICAN EXAMPLE

In the Soviet Union the most dramatic in a long series of dramatic actions in behalf of civil liberties came at the end of December 1967 when the grandson of former Soviet Foreign Minister Maxim Litvinov openly sent out to the West the transcript of the closed-door trial of a 25-year-old Russian writer named Vladimir Bukovsky. The transcript shows that Bukovsky had used the United States as an example to support his argument defending the constitutional right of Soviet citizens to engage in street demonstrations against unconstitutional acts by their government. "In what kinds of countries is it forbidden to criticize the Government and protest against its actions?" Bukovsky asked during his trial. "Perhaps in capitalist countries? No. We know that in bourgeois countries Communist parties exist whose purpose it is to undermine the capitalist system. In the U.S.A. the Communist Party was suppressed. However, the Supreme Court declared that the suppression was unconstitutional and restored the Communist Party to its full rights."

Some Americans have argued that our American heritage of civil liberties guaranteed by the constitution ought to be withheld from groups or persons who themselves do not really believe in civil liberties, but his statement by a young Soviet citizen provides an eloquent answer to such arguments. The very thing that bolstered him in his struggle for greater civil liberties in his own native Communist country was his belief—unfortunately not wholly correct—that our own country had fully guaranteed the constitutional rights of American citizens who do *not* believe in those constitutional rights.

This incident provides an example of the kind of ways in which I would hope our nation would encourage the growth of freedom, justice, and a spirit of international co-operation within the various Communist countries. I do not believe in the cult of revolution either at home or abroad. To my mind violent revolution is like war: both of them are catastrophes that result from a failure to work out adequate solutions to pressing social conflicts. Consequently I do not believe in encouraging revolutionary overthrow of the Communist regimes in Eastern Europe any more than I believe in trying to solve our problems here at home by overthrowing the government.

Our best hope for the future, in a world that will contain Communism as well as non-Communist governments as far ahead as we can see, will be to encourage the forces within the Communist countries that are working for constructive change. We can encourage them above all by our own example at home, but also in numerous other ways, mostly undramatic and unobtrusive. I can offer no simple blueprint for such actions, but more important than any blueprint is an accurate assessment of the complex and changing realities within each Communist country.

#### CONVINCING EVIDENCE OF LIBERALIZATION WITHIN COMMUNISM

The defection from Czechoslovakia to the United States a few weeks ago of Major General Jan Sejna, who is said to be the highest ranking official who has ever defected from Eastern Europe, provides dramatic evidence of the changes now taking place there and an instructive example of the danger of misinterpreting these. Under the provisions of a bill on which hearings are now taking place before another Congressional committee, General Sejna would be eligible to trade information about Communist activities in Czechoslovakia not only for an annuity out of American tax money but also for status as a permanent resident of the United States "with freedom from deportation for any cause antedating admission, notwithstanding any other provision of law." But why did General Sejna leave his native Czechoslovakia? Was it because of his disillusionment with

Communism, or because his life was in danger as a result of opposition to Communist tyranny? By no means! He fled Czechoslovakia because the forces of freedom within Czechoslovakia were getting so strong that his position as a Communist reactionary was in danger. Our government may have obtained highly valuable intelligence from him, but our country can scarcely be said to have gained a staunch supporter of democracy in its new permanent resident.

#### RECOMMENDATIONS

Just what does all this lead up to as far as Public Law 480 is concerned? It leads up to the conclusion that the blanket restriction in Section 103(d) against sales of agricultural commodities for foreign currencies "to any country or areas dominated by a Communist government" is based on a view of world Communism that is about fifteen years out of date and ought to be dropped from the bill. In purely practical terms it is a view that does not take adequate account of the forces of nationalism at work in all Communist countries, nor of the struggle now going on within a number of Communist countries between Communist reactionaries and the forces working for liberalization. Nor does it take account of the opportunities open to our country for encouraging these forms of liberalization, first by our own national example, second by not doing those things which would make their struggle more difficult, and third by being ready to take positive action wherever it is appropriate.

It is in our national interest and in the interest of mankind in general for us to take advantage of every opportunity to encourage the forces within the Communist countries that are struggling to place effective constitutional limits on political power and to create their own equivalent of our Bill of Rights. Their struggle will not be easy, because with the exception of Czechoslovakia and to some extent of Poland, no Communist country has been very fortunate in inheriting political traditions from the past that will help to support the struggle for liberalization today.

Beyond all these practical considerations, however, there is the far more fundamental consideration of our common humanity with those who are in need of food. Senator Aiken once said: "I do not recall any instance in history in which any people have been starved into democracy. They have been starved into totalitarianism, but not into democracy." And in 1962, when Vice President Humphrey represented Minnesota in the Senate, he said: "I beg any Senator to give me any evidence of an instance in which vast human misery that takes the lives of innocent people has ever destroyed communism. . . . The only way I know to win people is with love and fair play." In his attack in 1966 on these very restrictions in the Food-for-Peace Act Senator McGovern declared: "Congress has no right to bribe or pressure other nations into making foreign policy decisions because of our capacity to give or withhold food to hungry people. Other people are as proud and sensitive as we are about their national independence."

History is filled with examples confirming the teaching of all the great religious that the best politics in the long run is action based on right principles rather than action based on expediency. In the case of Public Law 480 the right principle is to take food out of the Cold War and use it to meet human need. Overcoming our enemies by destroying them is not only unchristian; it is probably impossible, because the very act of destroying enemies tends to create more of them. We submit that the United States will find it more effective as well as less expensive to try overcoming our enemies by turning them into friends. At least, we have the New Testament injunction, "If thine enemy hunger, feed him."

STATEMENT OF MORRIS LEWIS, JR., PRESIDENT OF THE LEWIS GROCER CO., INDIANOLA, MISS., AND IMMEDIATE PAST CHAIRMAN OF THE BOARD AND A MEMBER OF THE EXECUTIVE COMMITTEE OF THE NATIONAL AMERICAN WHOLESALE GROCERS ASSOCIATION, NEW YORK CITY

Honorable W. R. Poage and Members of the Committee. I am Morris Lewis, Jr., President of The Lewis Grocer Company and Sunflower Stores, Inc. of Indianola, Mississippi. I am also Chairman of The World Food Committee and Immediate Past Chairman of the Board and a member of the Executive Committee of the National American Wholesale Grocers Association, New York City. National American Wholesale Grocers Association is made up of leading wholesalers throughout the United States, many of whom have long been concerned

with the world hunger problems and what would seem to be the under utilization by various agencies of our Government of the potential contribution that American businessmen, and particularly food industry businessmen, can make in searching out and implementing various projects aimed at solving this most critical problem.

With this statement I am urging not only that Public Law 480 (more commonly known as the Food For Peace Act) be extended but that more aggressive action be taken by the present Administration to more fully implement the high purpose and objectives of this legislation as previously authorized.

There are many aspects of the world hunger problem that are vital to those countries faced with the critical crisis of world hunger, including the United States, which, although itself blessed with abundant food, is nevertheless faced with the political, economic and humanitarian opportunities and challenges of this problem.

As a businessman actively engaged with the problem of distributing food in the United States, I know my own feeling is shared by many of my fellow distributors when I say that the problem of world hunger is not simply a question of helping other nations help themselves with the problem of increasing food production but also with the equally important task of modernizing their own presently fragmented and vastly inefficient system of food distribution.

We were impressed and gladdened by the fact that for the first time Public Law 480, as amended and extended in 1966, did recognize the importance of improving distribution technology in developing nations and specifically encouraged the utilization of more technical and financial assistance in this area. The bill also provided that countries receiving assistance under Public Law 480 should show evidence that active steps are being taken to attack this problem along with the problem of increasing efforts to raise their own primary food productivity capacity. Unfortunately, to the best of my knowledge, there have been no major attempts on the part of various AID agencies, recipient countries or international agencies concerned with hunger problems to mount any action projects in developing countries aimed at modernizing and streamlining present totally inadequate systems of distribution that are exacting a terrible toll from consumers and producers alike. I do understand that some limited research has been authorized by the U.S. Agency for International Development in this area and that it is being carried out by Michigan State University.

However, I wish to emphasize that what is needed most is project action oriented research rather than simply more background research carried out in a vacuum. Simple observation by technically trained businessmen would indicate many areas where realistic and immediate pilot projects could be implemented if given adequate priority consideration, technical guidance and financial assistance. There are, for example, no large scale wholesale grocer operations, no voluntary group chains, no corporate food chains, no retailer co-op chains or, for that matter effective consumer co-op chains operating in many developing areas where hunger problems are critical and where efforts are being made to implement mass food production at the primary producing level. Without the concurrent development of mass distribution systems there can be little hope for success at efforts to develop mass production at the primary agricultural level.

It is often forgotten by many economists that the power of American Agriculture could never have reached its present level of efficiency were it not matched with the concurrent historical development of mass distribution in this country. The general failure to recognize this fact, in the planned attack on world hunger, is of primary concern to me personally and I am sure to many of the food distribution leaders of this country.

Without revolutionary changes in the distribution structures of most developing nations, attempts to radically increase primary agricultural production will be sharply curtailed by the bottleneck of vastly inefficient retail and wholesale channels. These inefficient channels serve to hold consumer prices high and primary agricultural prices low, regardless of the supply and demand relationships. Without major changes in the food distribution structure of most developing nations, farmers will not have the necessary financial incentives to sharply increase their production and consumers will continue to be the victims of excessively high retail prices.

To demonstrate this, let me cite an example which has been used by others but which I think bears repeating here since it so typifies the case where major efforts

are made to increase primary agricultural production without comparable efforts being made to change wholesale and retail distribution patterns. Presume that, through technical and financial assistance in a given developing area, a farmer is taught to grow two crates of lettuce where he formerly grew one. Presume further that the secondary trucker or other similarly unorganized and inefficient wholesaler were prevailed upon to attempt to mass distribute this 100% increase in productive efficiency. In a typical developing nation the average grocery store is about 10 feet by 12 feet in size and is one of the unnumbered thousands serving the food needs of the urban areas. The trucker—"wholesaler", either at a makeshift public market or at the small shop of the retailer, tells the retailer his story that the production of lettuce has been doubled and that the wholesale price has been sharply reduced from 25¢ a head to 15¢ a head. He asks the retailer, "How many heads do you want?"

The retailer replies, "Give me six heads."

"How many did you sell last week?" the wholesaler asks.

"Six heads," replies the retailer.

"What price did you sell the lettuce for last week?" asks the trucker-wholesaler.

"40¢ a head," replies the retailer.

"Why?" asks the wholesaler. "The wholesale cost has dropped sharply. Why not double your purchase of lettuce, drop your retail price, and really sell lettuce in volume at a much bigger net profit in terms of dollars?"

"Why?" states the retailer. "Because there are only six people in my neighborhood who eat lettuce and the net effect of my buying more lettuce and cutting my price would be that half of it would rot, and I would end up making less money . . . Thank you, no . . . Just give me six heads, but I do appreciate the lower price to me."

The sad part of this story is that, from a pragmatic and very personal point of view, the retailer is absolutely right. Because of the smallness of his shop, he cannot mass display and merchandise lettuce. Because he is not a member of a voluntary group chain of retailers or a retailer co-op chain, he cannot expand his operation, improve his efficiency, advertise lower prices and thus increase his total volume.

Because he is a subsistence operator himself, he cannot afford to gamble on "modern theories" of "large volume—low mark-up." He would rather sell six heads of lettuce at 50% mark-up than risk the chance of selling 12 heads at 30% mark-up. Big volume . . . low mark-up marketing theory is not part of his thinking. He has learned the hard way to believe in the limited market concept and, besides, as many merchants in many developing nations will tell you, with a limited market anyway, it is ungentlemanly to cut a price.

I have told this long story to make the point that, just as it is difficult but vital to teach farmers to use modern fertilizers and seeds, it is equally difficult but vital to provide the technical and financial assistance to the wholesale and retail food distribution sector of developing economies. This must be done in order that mass agricultural producers will have the necessary financial incentives of a mass-volume market place to market ever greater quantities of agricultural produce at ever lower prices to consumers and ever increasing income to the primary producer.

It is this failure to deal with this problem in planning development efforts in most food AID programs and in agency technical and financial aid programming and staffing that is my primary concern in this testimony.

While speaking as an individual, I think I am expressing the sentiments of the overwhelming majority of the members of the National American Wholesale Grocers Association when I say that I endorse the objectives of Public Law 480 before this committee which is aimed at broadening our food aid efforts to more fully enlist the power of American agriculture in our political struggle to get at the root causes of communism and not just military containment.

I endorse not only the world political objectives of sharply expanded Food for Freedom programs and the attendant economic advantages to American Farmers, but I endorse the simple fact that it is a humanitarian necessity to come to the assistance of the millions who are starving in a world of potential abundance.

Again, it has been said before but I repeat, our sense of political expediency, as well as our sense of human values, is out of balance when we can justify the expenditure of thirty billion dollars in military containment in Viet Nam and the expenditure of twenty billion dollars to put a man on the moon and leave a billion starving people on earth.

I commend the members of this committee on their careful consideration of the importance of extending and more fully implementing Public Law 480 and the apparent desire expressed in the 1966 bill to more fully enlist the power of American agriculture in the battle for Freedom against hunger in the world. Not only must the present food AID and developmental efforts be greatly expanded, but I think we should take note of the fact that, along with a larger program that will provide more and better "weapons" to fight hunger, we need a new sense of urgency and commitment among the administrators of such AID and developmental programs. Based on my own experience with various personnel within our AID programs, I can say that, while we do have many highly dedicated and competent people staffing our AID efforts, the fact remains that there is apparently lacking among many, a sense of urgency and an "It can be done" attitude. The same dedication, sense of urgency, and "It can be done" attitude that is so strong throughout our military and space programs must be developed more fully within our economic and political aid programs which are so heavily supported by Food For Freedom shipments and the counterpart funds thus generated.

Having strongly endorsed the move to extend Public Law 480 I would like to go back briefly to my original statement that I hope this committee will encourage this Administration to act to spell out specifically the need not only for technical and financial assistance to help primary agricultural producers in developing nations to grow more food, but also the need for technical and financial assistance to help modernize the distribution sector of these same developing nations. Primary production is 50% of the problem. Inefficient distribution methods remain as the other 50% of the same coin.

In conclusion, I wish to thank you Mr. Chairman, and the committee for this opportunity to express my opinions on this very important legislative matter. While speaking as an individual, I know I speak for a large number of the food industry when I say, that as businessmen we stand ready to help where we can to formulate the kind of action programs needed so badly in this neglected area of development—efficient world food DISTRIBUTION. Thank you.

---

#### STATEMENT OF RAY OBERECHT, MASTER, COLORADO STATE GRANGE

On the wheat used for diplomatic and humanitarian reasons and PL 480, of which the taxpayer purchased approximately 400 million bushel last year, not including that which went into CCC storage on strategic reserve, we feel it is the obligation of the American taxpayer to pay the same price as for domestic wheat (by the way the farmer will be paying his just share, as he is a big taxpayer) or should be handled in the same manner as domestic wheat, receiving a certificate equaling parity at point of delivery, and when delivered, paid to the producer, or the difference between the market price paid on the producer's sales receipt and parity at point of delivery, which would save the government considerable over a flat \$1.36 certificate.

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#### STATEMENT OF WALTER W. GOEPPINGER, PRESIDENT, NATIONAL CORN GROWERS ASSOCIATION

To assist in the use of P.L. 480 earned currencies which the U.S. now owns but are blocked in foreign countries under the Public Law 480 of 1954, we suggest that a change in the existing program give authority to those handling negotiations for the U.S. to enter into agreements specifying that up to 50% of foreign currency accumulated by P.L. 480 sales could be sold at the current rate of exchange to U.S. importers for the procurement of materials or commodities from the recipient nation.

The U.S. negotiators would thus be directed to enter into agreements which would provide that up to 50% of the foreign currencies generated by P.L. 480 transactions can be offered for sale at a discounted rate to U.S. contractors doing business in a recipient country or to local contractors in that country, provided that the local currencies be used only for the payment of wages within that purchasing country on public works. Furthermore, there should be provision that there be determination of the amounts of foreign currency needed for certain

governmental purposes, including operation of the U.S. Embassy in a country receiving goods under our P.L. 480 law, and then requirement of immediate partial payment on delivery of the goods so the funds can be used to defray U.S. Embassy expenses in that country.

It is our belief that creating such provisions as those embodied in H.R. 16165 introduced on March 25, 1968 by Representative W. R. Poage of Texas basically providing for the above changes in the P.L. 480 program would have a beneficial effect upon U.S. feed grain producers and also the nations which are recipients of the feed grains. In addition such a program would enhance our balance of payments position. In effect, our feed grains would become a means by which stimulated use of them for capital improvement within the recipient countries would be increased and at the same time we would be receiving money returned to us in the U.S. much faster than under the presently existing P.L. 480 law.

We thank you for allowing us to bring this testimony to you.

The CHAIRMAN. If there are no further questions the committee will stand in recess.

(Whereupon, at 12 noon, the committee arose.)



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# EXTENSION OF PUBLIC LAW 480, 83d CONGRESS

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## HEARINGS BEFORE THE COMMITTEE ON AGRICULTURE AND FORESTRY UNITED STATES SENATE NINETIETH CONGRESS SECOND SESSION ON **S. 2891, S. 2986, and S. 3069**

BILLS TO EXTEND THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954, AS AMENDED

MARCH 13, 14, AND 15, 1968

Printed for the use of the Committee on Agriculture and Forestry



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# EXTENSION OF PUBLIC LAW 480, 83D CONGRESS

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WEDNESDAY, MARCH 13, 1968

U.S. SENATE,  
COMMITTEE ON AGRICULTURE AND FORESTRY,  
*Washington, D.C.*

The committee met, pursuant to notice, at 10:05 a.m., in room 324, Old Senate Office Building, Senator Allen J. Ellender (chairman) presiding.

Present: Senators Ellender, Holland, Jordan of North Carolina, McGovern, Montoya, Byrd of Virginia, and Young of North Dakota.

The CHAIRMAN. The committee will please come to order.

We have met today to begin hearings on Public Law 480. There are three bills before us: S. 2891, by Senator Mundt, which would extend the law for 3 years; S. 2891, introduced by me, which would extend the law for 2 years, place additional emphasis on family planning, and provide for a new use of foreign currencies; and S. 3069, introduced by me on request, which would extend the law for 3 years. In other words, the bill introduced by myself on request from the administration is about in the same language as that introduced by Senator Mundt.

These bills, with the letters from the Department dated March 12, 1968 and February 28, 1968, will be placed in the record at this point.

(The documents are as follows:)

[S. 2891, 90th Cong., second sess.]

A BILL To extend for a period of three years the authority of the President to enter into agreements to finance sales under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, and to carry out programs of assistance under title II of such Act

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 409 of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by striking out "December 31, 1968" and inserting in lieu thereof "December 31, 1971".

[S. 2986, 90th Cong., second sess.]

A BILL To extend Public Law 480, Eighty-third Congress, for two years, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 409 of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by striking out "December 31, 1968" and inserting in lieu thereof "December 31, 1970".

SEC. 2. (a) Section 104(h) of such Act is amended by inserting before the semicolon at the end thereof the following: ". Not less than 5 percentum of the total sales proceeds received each year shall, if requested by the foreign country, be used for voluntary programs to control population growth".

(b) Section 109(a) of such Act is amended by striking out the word "and" at the end of clauses (7) and (8), changing the period at the end of such subsection to a semicolon, and adding the following:

"(10) carrying out voluntary programs to control population growth." SEC. 3. Section 104(b)(2) of such Act is amended to read as follows:

"(2) finance activities to assist international educational and cultural exchange and to provide for the strengthening of the resources of American schools, colleges, universities and other public and nonprofit private educational agencies for international studies and research under the programs authorized by title VI of the National Defense Education Act, the Mutual Educational and Cultural Exchange Act of 1961, the International Education Act of 1966, the Higher Education Act of 1965, the Elementary and Secondary Education Act of 1965, the National Foundation on the Arts and the Humanities Act of 1965, and the Public Broadcasting Act of 1967;"

DEPARTMENT OF AGRICULTURE,  
Washington, D.C., March 12, 1968.

Hon. ALLEN J. ELLENDER,  
*Chairman, Committee on Agriculture and Forestry,*  
*U.S. Senate.*

DEAR MR. CHAIRMAN: This is in reply to your request for a report on S. 2986, a bill "To extend Public Law 480, Eighty-third Congress, for two years and for other purposes."

We recommend that Public Law 480 be extended for three years instead of two years. This recommendation would be consistent with the law currently in effect which directs that steps be taken to assure a progressive transition from sales for foreign currencies to sales for dollars at a rate whereby the transition can be completed by December 31, 1971.

This Department recommends passage of S. 3069, which you introduced pursuant to the President's messages on agriculture and foreign aid, rather than S. 2986.

The Bureau of the Budget advises that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely yours,

ORVILLE L. FREEMAN.

[S. 3069, 90th Cong., second sess.]

A BILL To extend the Agricultural Trade Development and Assistance Act of 1954, as amended

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Agricultural Trade Development and Assistance Act of 1954, as amended, is extended by striking out "December 31, 1968" in section 409 and substituting "December 31, 1971".*

DEPARTMENT OF AGRICULTURE,  
OFFICE OF THE SECRETARY,  
Washington, February 28, 1968.

Hon. HUBERT H. HUMPHREY,  
*President of the Senate.*

DEAR MR. PRESIDENT: Transmitted herewith for the consideration of the Congress is a draft bill to extend for three years the Food for Peace Act of 1966.

This Department recommends enactment of the draft bill.

In his recent foreign aid message to the Congress, the President stated that he would shortly propose an extension of the Food for Freedom program to provide emergency food assistance to stave off disaster while hungry countries build their own food production.

His message on Prosperity and Progress for the Farmer and Rural America, sent to Congress February 27, 1968, recommends continuation of the Food for Freedom Program for three more years—to December 31, 1971.

The Bureau of the Budget advises that enactment of this proposed legislation would be in accord with the President's program.

Sincerely yours,

ORVILLE L. FREEMAN, *Secretary.*

The CHAIRMAN. In addition, I wish to place in the record two unpublished reports from the Department, one entitled "Agricultural Self-Help in India," and the other entitled "Report to the Advisory

Committee on Operations under Public Law 480," both of which have been furnished to committee members.

(The documents referred to follow :)

### AGRICULTURAL SELF-HELP IN INDIA 1967

#### An Assessment

In general, 1967 has been a year of marked progress in Indian agriculture. If the present level of effort and priority continues, together with reasonable political stability, the long-run prospects are much brighter than seemed possible three years ago.

Scanty rains in the crucial June-September period for two consecutive years, 1965 and 1966, resulted in annual output of around 75 million tons. India had to import record quantities of grain to avoid widespread starvation. This year, an exceptionally good monsoon, together with the cumulative technical advances of the past 2-3 years, should result in a record crop of about 95 million tons of foodgrains, well above the previous high of 89 million tons in 1964/65.

#### BASIC AGRICULTURAL POLICIES

The shortages of the past two years have brought new urgency and priority to India's efforts to increase food production. This has been reflected in a sharp increase in the share of agriculture in India's development spending. At the same time, major advances in the use of high yielding seed varieties, combined with heavy doses of fertilizer, have sharply increased the technological potential for agriculture in the Indian subcontinent. Knowledge of how fully this potential will be exploited awaits the evidence of future years. But a good start has been made.

We have sought to encourage and support further progress through both our dollar and food aid programs. In fact, the self-help provisions of 1967 PL-480 agreements call for actions to increase fertilizer and pesticide availabilities, expand the use of new seeds, increase and intensify water use, provide incentive price supports, make available more credit, and increase the proportion of land devoted to food crops.

Progress in these self-help areas is described and assessed in the pages that follow.

#### Fertilizer

More than any other single factor, the availability and use of fertilizer will determine whether India can feed herself.

In the early sixties, what little fertilizer was available often remained unsold. In recent years, the situation has changed dramatically; demand has outrun supply, despite the rapid increase in total availability demonstrated by the following table:

<i>Indian fiscal year</i>	<i>Fertilizer availability (total nutrient tons)</i>
1960-61	375,000
1963-64	600,000
1965-66	800,000
1966-67	1,300,000
1967-68 (target)	2,185,000

This increase has been caused partly by wider knowledge of fertilizer and its benefits. But it has been accelerated substantially by improved seed varieties, better farm prices, and new Indian government policies.

Previously some farmers didn't use fertilizer for foodgrains because they knew better; it didn't increase yields very much with traditional seeds. The new varieties, by contrast, are highly responsive to heavy fertilizer doses.

In addition, some farmers didn't use fertilizer because it was not profitable—the prices of foodgrains were so low in relation to fertilizer prices that they did not gain economically. Today, partly from government action, partly from shortage, food prices have risen to the point where fertilizer use can bring the farmer very substantial profits.

Finally, the Indian government has made unprecedented amounts of fertilizer available. This has been done largely through increased imports. Fertilizer and

fertilizer raw materials have received top priority in import licensing, to the point where they now take up the equivalent of 20 per cent of Indian's export earnings.

Furthermore, the latest indications are that the 1967/68 fertilizer use target will be substantially achieved. Internal production is running behind the goal, but this lag is being offset by imports greater than those provided for in the self-help agreement.

Further import increases are anticipated at least until the early seventies. By that time the Government of India hopes that total use will be over 4 million tons and that internal production will begin to supply most of India's needs.

Most Indian internal production has been in state-run plants. These have often been inefficient, running well below capacity. Recognizing the need to step up production, India has sought both to increase the efficiency of public plants and to increase the attractiveness of private investment in fertilizer, particularly from overseas. Earlier restrictions on investment, pricing, and distribution which had been deterrents to earlier foreign involvement have been eased.

Compared with a few years ago, progress on private plants is very substantial. The long-delayed, privately-owned Coromandel plant, the first with substantial U.S. investor backing, inaugurated production in December in Andhra Pradesh. Standard Oil of Indiana is investing in a giant fertilizer complex in Madras, and the Chemical Construction Corporation (Chemico) has been awarded the contract to build it. These plus other plants at various stages of development—including the Baroda plant with Indian and Japanese capital, Kota (Delhi Cloth Mills), and the Kanpur (Imperial Chemical Industries)—could raise private sector production of nitrogen and phosphate fertilizers to about 950,000 nutrient tons, half of India's total fertilizer output, compared to the less than 300,000 tons expected from private plants this year.

Undeniably this is substantial progress. But problems do remain. Some projected private plants have not been moving forward as rapidly as hoped. Though India's climate for private enterprise has greatly improved potential investors often still encounter problems in dealing with the middle and lower levels of the Indian bureaucracy. And these difficulties on the Indian side have often been matched by reluctance on the part of U.S. investors to make major commitments in India at this time.

On balance, progress has been encouraging. But further improvement will be required in the years ahead if India is to meet its future fertilizer needs primarily from internal production.

#### *High-Yielding Seeds*

The spread of new seeds has been a most dramatic development in India food-grain production. In 1966, after extensive tests, India imported 18,000 tons of the short-stemmed Mexican wheat seeds which have revolutionized agriculture in that country. Improved rice varieties from the International Rice Research Institute in the Philippines are also having a major impact.

Both are contributing to India's intensive High-Yielding Varieties Program, aimed at sharp yield increases for wheat, rice, and coarse grains in selected areas with assured water supplies. Coverage on this program for 1967/68 is about 16 million acres, more than double the 1966/67 level.

The potential of new seeds has been dramatically demonstrated in Tanjore district in Madras. There, aided by intensive Ford Foundation aid and technical support, Indian farmers planted 600,000 acres with ADT-27, a new rice variety developed by India's plant breeders. It is expected that total production in the Tanjore area will be 900,000 tons, triple last year's crop. The increase will come both from higher yields and from planting two crops a year, when just one crop was grown before.

Farm experts are increasingly optimistic about the impact these seeds will have not just in their expanded use, but in dramatically demonstrating to farmers that far better yields are possible and inspiring adoption of other improved practices. But while the new seeds remain the most dramatic recent development in tropical agriculture, they are not a panacea. Indeed, to the degree they are successful they will increase demands for fertilizer, water, pesticides, research, extension and all the other elements on which agricultural improvement depends.

#### *Water*

Despite irrigation covering about 80 million acres, one-fourth of the total cropland area, Indian agriculture remains heavily dependent on rainfall in the right places at the right times. Thus the provision of assured water supplies continues to be a vital element in Indian agriculture development.

Recent years have seen two welcome changes in the focus of water development activities. First, there is relatively less reliance on massive irrigation schemes and more on minor irrigation such as tubewells, which have a much quicker pay-off in increased production. Second, emphasis is changing somewhat from "extensive" irrigation for drought insurance to intensive irrigation aimed at maximum production, including multiple cropping.

One of the most dramatic examples of increased minor irrigation has been the drought-stricken state of Bihar, where more tubewells were constructed during 1966 and 1967 than in the preceding decade. This is one major reason why Bihar, which received summer rainfall somewhat below normal and also suffered some disastrous flooding, is expected to produce about 8.5 million tons of foodgrains this year, compared to 4.1 million in 1966/67 and the high of 7.5 million in 1964/65.

Overall minor irrigation is targeted to increase by 3 million acres in 1967/68, and the actual increase may be higher—as much as 4 million acres.

But, while India's irrigated acreage continues to grow, and tubewell installation has often been dramatic, overall progress in water development may begin to lag behind that in the areas of fertilizer and seed, unless increased efforts are made.

The irrigation system is not yet sufficiently well managed in many cases to meet the severe demands of new rice varieties for water at the right time in the right places. Too little is known about India's ground-water resources, and survey proposals have not moved forward as rapidly as hoped. Further substantial improvement in water management is essential if increased amounts of fertilizer and high-yielding seeds are to be used most effectively in future years.

#### *Pest Control*

India suffers substantial losses for foodgrains to rats and other pests, before and after harvest. Estimates of these losses vary, with evidence insufficient to justify a firm figure.

To reduce field losses, India is undertaking a rapid increase in land sprayed by pesticides. The 1967/67 target is 125 million acres, and while there may be some shortfall, actual achievement should be at least 50 per cent above the 59 million acres covered in 1966/67. And the target has been further increased for 1968/69 to 135 million acres.

Part of this program is directed specifically toward rodent control, with the Indian government providing 4 million rupees (\$533,000) in rodenticides to farmers this year. In addition, a symposium was held recently of Indian and foreign experts to recommend action on the problem.

Losses after harvest are especially difficult to prevent because they occur not primarily in large government or private warehouses, but in the small stocks of village peasants and traders.

To help India meet these problems AID has made available on special assignment a U.S. rodent control expert. Among other things, he is working on prospects for alleviating losses through improved storage.

#### *Credit*

As farmers invest increasingly in fertilizer, new seeds, pesticides, tubewells, and other costly inputs, the availability of credit at reasonable rates becomes more and more important to agricultural progress. While credit is not yet sufficient to meet needs, India has been taking steps to increase the amount available. In this year alone, credit is being expanded by a billion rupees (\$133 million), or 18 per cent. This has included an increase in loans through cooperatives (which provide the bulk of the credit), and expansion of the role of commercial banks in financing agricultural development.

#### *Government Pricing and Distribution Policies*

India has recently adopted a system of price supports. This, combined with the high market prices induced by shortages, has provided a substantial economic incentive for farmers to adopt new practices. Both the national and state governments of India have shown real determination to keep prices at an incentive level.

Procurement prices for the fall crop now being harvested are generally well above those of last year. They are substantially higher than official supports, and Food Minister Ram has pledged that the Government will buy all grains offered at procurement price levels, since the government aims to purchase a buffer stock of several million tons to use for price stabilization and as an emergency reserve. At least one million tons of foodgrains provided in the

December 30 PL-480 agreement are to be used for this buffer stock, and India is also committed under the agreement to expanding this stock through internal procurement.

Better prices for food products are a major factor in India's efforts to increase the proportion of her land devoted to food as opposed to nonfood crops.

#### *Other Policy Areas*

In addition to progress made in the high priority matters discussed above, other significant action is being taken. Supported by USDA and AID, India is taking steps to fortify wheat flour and infant food provided as part of the PL-480 program to improve protein and vitamin content. She is maintaining her food distribution system to assure supplies for the poor but reducing the amount of food channeled through this system since the market can meet the needs of a greater portion of the people in a good crop year.

We cannot yet know whether India has put herself firmly on the road to food self-sufficiency. But the priority India is giving to agriculture is greater today, and her policies are more promising, than at any other time since the enactment of Public Law 480.

#### **POPULATION**

Though USDA has no official role in family planning, it is an area we view with great interest. In the long run India cannot solve her food problem without substantial reduction in the very rapid rate of population growth.

The basic cause of India's population explosion is a sharp fall in the death rate since World War II, from about 27 per thousand in 1945 to perhaps 17 per thousand this year. The birth rate, by contrast, has remained high at 42 per thousand or more. As a result, India's population—estimated at 520 million today—is growing by at least 2.5 per cent each year.

A major cause of the continued high birth rate is the widespread lack of knowledge regarding methods of contraception, as well as inadequacies in technical services and distribution of needed supplies. Also, though surveys indicate that most Indians favor limiting family size, most rural couples want four of five children first in order to ensure that some will survive and provide "old age security" for their parents. A continued lowering of child mortality rates through improved nutrition and health should help reduce the number of children desired.

The last two years have brought a sharp acceleration in family planning activities. The budgetary allocation was increased from \$20 million in 1966/67 to \$41 million in 1967/68. The amount for the present year is well over expenditures for family planning during the entire Third Five Year Plan period (1961-66).

In 1967 the focus of the program has shifted to emphasis on a "cafeteria" of contraceptive techniques. The Intra-uterine device (IUD) has encountered greater difficulties than anticipated. It is now one of a range of methods promoted, on a voluntary basis, including condoms, pills, and sterilization. The widespread availability of supplies is recognized as increasingly crucial.

Material incentives are playing an important role. Bonuses are paid in some states to men who are willing to be sterilized. Similar, lesser payments are often made to women who accept IUD's. In some states such as Madras and Maharashtra, incentive payments have been made to those who can persuade others to adopt birth control measures.

There is also intensive discussion within India of legislative remedies, such as an increase in the minimum marriage age—now 15 for women and 18 for men.

Thus far, however, these efforts can only be seen as a good beginning. India's population is growing by about 13 million a year; at present family planning programs are probably affecting less than a million births annually. As important as money, and more difficult to secure, are skilled personnel and administrative machinery at the local level to reach potential parents in sufficient numbers.

But India's population program is clearly a serious and large scale effort. She is budgeting more today for this purpose than any other country. And action taken in November to elevate responsibility for family planning to a Cabinet-level ministry is yet another indication that the population will continue to receive increased priority.

The February 1967 PL-480 agreement includes a grant of \$13.5 million in rupees for population projects.

REPORT TO THE ADVISORY COMMITTEE ON OPERATIONS UNDER PUBLIC LAW 480,  
 AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954, AS AMENDED,  
 JANUARY 1 TO OCTOBER 31, 1967

This report to the Advisory Committee established by Section 407 of the amended PL 480 covers the first 10 months of operations under the amended legislation from January 1, 1967 to October 31, 1967.

MATCHING SUPPLY WITH REQUIREMENTS

One of the basic changes in the new legislation has been the elimination of reference to surplus agricultural commodities. Stocks of most commodities have been reduced to desirable levels by a combination of large exports, the provisions of the Agricultural Act of 1965, and previous agricultural legislation that included measures to reduce surpluses and thereby bring production into balance with requirements.

To meet food aid requirements under the changed circumstances a continual examination is conducted of food and fiber requirements and production and commercial import prospects in developing countries and of U.S. domestic requirements and commercial and non-commercial export prospects. This evaluation forms the basis for judging needs in the near future as well as for longer range plans.

FOOD AID AND SELF-HELP

The new Food for Peace Act provides that PL 480 aid must be closely linked to efforts to increase food production in recipient countries. Thus a principle increasingly recognized and applied in recent years has been spelled out as a legislative requirement. It is clear that accelerated agricultural growth in developing countries is essential to reverse a trend toward growing dependence on food aid and to improve the ability of those countries to pay for future food imports.

PL 480 as amended therefore specifies that before a Title I sale (for immediate local currency payment or long-term credit) is made, account must be taken of the "extent to which the recipient country is undertaking wherever practicable self-help measures to increase per capita production and improve the means of storage and distribution of agricultural commodities". Each sales agreement must describe the program which the recipient country is undertaken to improve its production, storage, and distribution of agricultural commodities and provide for termination of the agreement whenever the President finds that this program is not being adequately developed.

When a country seeks PL 480 aid from the United States its agricultural development effort is analyzed, in order to establish priority needs as well as areas where present effort is insufficient. This leads to the formulation within the U.S. Government of a set of specific self-help measures, which are negotiated with the good aid recipient country and incorporated into the formal agreement. Close USDA/AID surveillance of agricultural development in food aid recipient countries then permits continuing identification of needed self-help measures.

Specific provisions in agreements signed to date reflect the many kinds of effort essential for expanding food production. India has announced plans to almost triple fertilizer consumption over that of two years ago, and reports thus far indicate that this aim will be substantially achieved. In Indonesia the price of fertilizer is too high, relative to that of rice to make extensive use profitable; the September PL 48 agreement provides therefore that the Indonesian Government will take steps to establish more favorable price ratio.

Reforms needed may be quite rudimentary. In the Congo a major problem is transporting food from where it is grown to town and city markets. So the agreement provides for building more farm-to-market roads. Or needs may be more sophisticated, such as establishing institutions for farm credit, or adaptive seed research. We have placed strong emphasis on improving conditions for foreign private agribusiness investment, especially in fertilizer plants.

The February 1967 agreement with India is one which covers a particularly wide range of important policy steps. Included are plans by the Indians (during the current crop year) to use 2.2 million tons of fertilizer (internal production plus imports); plant new, high-yielding varieties of foodgrains on 15 million acres; increase irrigation by 3 million acres; increase farm credit by \$133 million; expand food storage capacity; and adopt improved policies on price supports, central stockbuilding, and agricultural investment.

Recipient countries agree to submit reports on self-help performance twice each year. These will help U.S. specialists to judge whether progress is satisfactory, how the new self-help emphasis is working, and how it can be strengthened still further in the future.

#### ACTIONS UNDER TITLE I

From January 1 through October 30, 1967, 30 agreements with friendly countries for sales of agricultural commodities under Title I of the Act were concluded with 18 countries. The total export market value including estimated ocean transportation costs of these agreements was \$866.2 million and the estimated cost to the Commodity Credit Corporation was \$919.43 million. The difference between market value and the cost of the Commodity Credit Corporation is that the CCC cost includes the export payment, if any, as well as any costs of the differential for commodities required to be shipped on U.S. flag vessels over comparable rates of foreign flag vessels.

#### *Agreements Signed by Country*

The value of agreements, entered into during this period, for each country is shown below.

VALUE OF AGREEMENTS SIGNED JAN. 1-OCT. 31, 1967

[In millions of dollars]

Country	Export market value	CCC cost
Afghanistan.....	4.34	4.87
Brazil.....	35.95	35.95
Ceylon.....	9.97	14.34
Chile (private trade entity).....	13.69	13.69
Congo.....	9.42	12.91
Ghana.....	9.48	10.94
Guinea.....	3.42	3.51
Iceland.....	1.25	1.45
India.....	333.50	346.10
Indonesia.....	19.50	19.50
Israel.....	27.60	27.60
Korea (government-to-government).....	47.38	68.20
Korea (private trade entity).....	1.52	1.67
Liberia.....	.85	.85
Morocco.....	37.20	39.07
Pakistan.....	141.70	148.40
Sudan.....	11.45	11.45
Tunisia.....	13.78	14.23
Vietnam.....	144.20	144.70
Total.....	866.20	919.43

#### *Commodities Included in Agreements*

Quantity and market value of commodities included in agreements signed are shown on the following page.

[Quantities in metric tons unless otherwise noted. Dollar amounts in millions]

Commodity	Quantity	Market value
Wheat/wheat flour.....	5,843,700	\$395.48
Grain sorghums.....	1,475,000	78.20
Tallow, inedible.....	125,700	22.24
Vegetable oil.....	351,000	86.84
Rice.....	938,800	162.76
Tobacco.....	2,408	5.82
Barley.....	30,000	1.90
Feedgrains.....	422,900	23.48
Nonfat dry milk.....	2,860	1.50
Corn.....	65,000	3.96
Cotton.....	<sup>1</sup> 510,600	65.96
Estimated ocean transportation.....		18.06
Total.....		866.20

<sup>1</sup> Bales.

### *Transition to Dollar Sales*

Section 103(b) of the law requires that steps be taken to assure a progressive transition from sales for foreign currencies to sales for dollars at a rate whereby the transition can be completed by December 31, 1971. This section also provides that, to the extent that transition to sales for dollars is not possible, transition may be made to sales for convertible foreign currencies on credit terms no less favorable to the United States than those for development loans made under Section 201 of the Foreign Assistance Act of 1961, as amended, and on terms which permit conversion to dollars at the exchange rate applicable to the sales agreement.

The movement to dollar credit terms and ultimately to commercial dollar sales had been our goal even before the new Act. By the end of 1966 eighteen countries had signed agreements providing for payment only on dollar credit terms, ten for payment only in foreign currencies and six for payment partially in foreign currencies and partially in dollar credit.

The 1966 legislation gave increased impetus to the shift from payment in local currency to payment in dollars or local currency convertible to dollars. Of the eighteen countries participating since January 1, 1967, only three had no dollar payment provision, and six countries were moved to dollar or convertible local currency payment in whole or in part.

Most countries receiving programs under dollar credit arrangements have continued to have similar arrangements. The proportion of the dollar credit in agreements with Tunisia and Israel has been increased from 25 percent to 50 percent; and Bolivia and Ceylon have been transferred completely to dollar payments. Agreements signed with both India and Pakistan for commodity delivery after July 1, 1967, provide for payment of 20 percent in currency convertible to dollars. Because of severe financial difficulties two countries, Afghanistan and Indonesia, reverted from dollar credit sales to sales with currency convertible to dollars.

The value of payments to be made under dollar credits under agreements signed during the first 10 months of 1967 is \$108.94 million and the value of payments to be made under convertible local currency credits is \$93.86 million. Included in this total are agreements entered into with private trade entities in Korea and Chile with a total market value of \$15.21 million.

### *Interest Rates and Terms*

Twelve agreements (including supplements) have been signed under the dollar credit provisions of the Act during January–October 1967. Two of these agreements are with private trade entities. Seven of the agreements and supplements were on the minimum credit terms provided in the legislation—a two-year grace period, 1 percent interest during the grace period and 2½ percent thereafter. (The new Foreign Assistance Act increased the interest rate to 2 percent during the grace period and this will be the rate applicable to sales agreements authorized after November 15, 1967). Five agreements provided for terms above the minimum. For example, three require interest at the cost of money to the U.S. Treasury. Two provide for no grace period.

Six agreements have been signed under the new authority for credit sales repayable in local currency convertible to dollars. Five of these agreements were on the minimum terms provided for in the Act; that is forty years, including ten-years grace with interest at one percent during the grace period and 2½ percent thereafter. One agreement provided for payment in 31 years, including a six-year grace period at the minimum interest rate.

### *Use of Sales Proceeds*

PL 480 credit agreements provide that the proceeds generated from the sale of commodities be used for the self-help measures described in the agreement and such other economic development projects as may be mutually agreed upon by the purchasing country and the U.S. Funds are being used for various purposes, including medium and long-term farm credit to stimulate the use of improved seeds, limestone, and fertilizers; credit to cooperatives for improving grain handling and storage facilities; irrigation projects, livestock development programs, and expansion of agriculture colleges.

### *Initial Payment*

One of the newly enacted provisions of the legislation which has been administered in sales agreements entered into since January 1, 1967, provides that "whenever practicable (the President shall) require upon delivery that no less

than 5 per centum of the purchase price of any agricultural commodities sold under Title I of this Act be payable in dollars or in the types or kinds of currencies which can be converted into dollars."

This provision has been made effective for 12 of the 18 countries with which agreements have been signed. For five countries, Afghanistan, Ceylon, Congo, Guinea, and Indonesia, it was determined to be not practicable to require the initial payment because of the poor financial conditions of these countries. Agreements with these five countries provided payment terms either on dollar credit or on convertible local currency credit. For one country, Ghana, 3 percent of the initial payment was provided by local currencies convertible into dollars and 2 percent of the initial payment was waived because of the country's poor financial condition.

#### *Uses of Foreign Currencies*

Of the total market value of the agreements signed of \$866.2 million, a total of \$663.4 million is to be paid to the United States in foreign currencies. The uses provided for these foreign currencies in percentage terms average 18.7 percent "for payment of United States obligations" and for carrying out programs of U.S. Government agencies; 16.7 percent for grants "to procure equipment, materials, facilities and services for the common defense;" 4.4 percent for loans to private enterprise; 50.8 percent for loans "to promote multilateral trade and agricultural and other economic development;" 6.9 percent for grants for the foregoing purpose; 2.5 percent for grants for maternal welfare, child health and nutrition programs, and voluntary activities "related to the problem of population growth."

#### *Rates of Exchange*

All sales agreements providing for payment in foreign currencies entered into have, in accordance with Section 103(h) of the law, provided the highest of exchange rates legally obtainable in the importing country.

#### *Agricultural Market Development*

In accordance with the provisions of Section 104(b)(1), agreements have provided that not less than the equivalent of 5 percent of foreign currencies be set aside for use to help develop new markets for United States agricultural commodities. Agreements have also provided for convertibility of not less than 2 percent of the foreign currencies.

During 1967, more than 60 organizations worked with the Department on market development either under continuing agreements or through special arrangements. This program has been a major factor in building U.S. agricultural exports to record levels. Both total agricultural exports and commercial shipments reached all-time highs in fiscal year 1967 of \$6.8 billion and \$5.2 billion, respectively.

The market development program is carried out largely in Western Europe and Japan—our major dollar markets—and is financed with converted currencies obtained under foreign currency sales agreements. Government expenditures for market development in the 1967 fiscal year amounted to \$13 million. During the past year, all of the Government's overseas market development expenditures were met with currencies generated by Public Law 480.

The 60 cooperating trade associations represent all the major agricultural export commodities. New organizations became active during the past year representing pea and lentil growers, peanut producers and the softwood plywood industry.

Participating organizations put substantial funds of their own into the program and also provide manpower and know-how from firms which process, transport, and sell U.S. agricultural products.

One U.S. market development cooperator, the Cotton Council International, took leadership during the past year in formation of the International Institute for Cotton, an 8-nation organization which has launched a large-scale promotional program to help cotton compete with the man-made fibers.

Other highlights of the past year are: (1) increased activity in the program by several of the State governments; (2) increased emphasis on retail food store promotions in the leading market cities of the world; and (3) increasing attention to technological developments such as containerized shipments.

### *Grants for Common Defense*

Section 104(c) authorizes the use of foreign currencies to procure equipment, materials, facilities and services for the common defense, including internal security. Grants totaling the equivalent of \$110.7 million have been provided for two countries, Vietnam and Korea.

### *Special Provisions in Excess Currency Countries*

The second proviso at the end of Section 104, which waives the applications of paragraphs (2), (3), and (4) of the first proviso in the case of an excess currency country, has resulted in several provisions in agreements with such countries. One provision is establishing the percentage of currencies for uses of U.S. Government agencies at 8 percent in agreements with India and Pakistan. Other provisions are described below.

### *Grants for Economic Development*

The agreement signed with India in February 1967 included a grant of 12 percent of the sales proceeds for economic development. This rupee grant totals the equivalent of \$16.2 million. In addition, a \$1.6 million grant of rupees arising from previous transactions is under consideration for American-sponsored hospitals in India.

Two agreements signed with Pakistan during the period under review have provided for economic development grants. The first includes a grant of 12 percent of the proceeds for rural works projects (i.e., a total of \$3.9 million equivalent). The second provides a grant of 30 percent (\$25.7 million equivalent) for rural works. In addition, an allocation of \$8.2 million rupees was made for this purpose from PL 480 loan repayments. Under the rural works program villagers have built farm-to-market roads, drainage ditches, irrigation projects and flood embankments.

### *Grants for Family Planning Activities*

The Pakistan and Indian agreements included a provision for a grant of 10 percent of the proceeds for maternal welfare and family planning activities. The dollar equivalent for Pakistan is \$3.3 million and for India is \$6.8 million.

An allocation of 130,000 Tunisia dinars was made recently for Population/Family Planning activities in Tunisia. This equates to approximately \$249,500 and is funded from interest and principal repayments on prior PL 480 loans.

### *Section 103(m)*

Section 103(m) requires, in the case of "excess currency" countries, the convertibility of amounts necessary to cover all normal expenditures of American tourists, except that this convertibility need not exceed 25 percent of the currency generated under the agreement. This section require "foreign currencies to be convertible to dollars to the extent consistent with the effectuation of the purposes of this Act, but in any event to the extent necessary to . . . (2) in the case of excess currency countries, assure convertibility by sale to American tourists, or otherwise, of such additional amount (up to twenty-five per centum of the foreign currencies received pursuant to each agreement entered into after the effective date of the Food for Peace Act of 1966) as may be necessary to cover all normal expenditures of American tourists in the importing country;"

Local currency sales agreements with the four "excess currency" countries (India, Israel, Pakistan and Tunisia) which concluded agreements during this period have provided for convertibility based on U.S. tourist expenditures in the recipient country.

### *Sales of U.S.-Owned Foreign Currencies to Private American Citizens under Section 104(j)*

Sales of U.S.-owned foreign currencies to American citizens continued in 1967, pursuant to Section 104(j) of the Food for Peace Act of 1966 (PL 480, as amended), formerly Sections 104(s), sales of foreign currencies for dollars to American tourists and 104(t), sales of foreign currencies for dollars to U.S. citizens.

In most countries the U.S. Government is able to use its holdings of foreign currency for official purposes. However, where currencies are held in excess of anticipated U.S. Government needs, agreements are negotiated establishing procedures under which sales may be made to private U.S. citizens.

During the first nine months of 1967, Title I local currency sales agreements were negotiated with four of the seven countries where sales arrangements have been implemented: India, Tunisia, Pakistan and Israel. Total sales to U.S. citizens in all countries where such sales are made amounted to \$2.3 million in the first nine months of 1967.

#### *Loan to Private Enterprise*

Funds were earmarked for loans to private enterprise in all Title I local currency sales agreements designed during January-October 1967 except in the case of Vietnam:

<i>Country</i>	<i>Percentage for loans to private enterprise</i>
India -----	5
Ghana -----	15
Tunisia -----	10
Vietnam -----	--
Korea -----	6
Morocco -----	10
Pakistan -----	5
Sudan -----	5
Israel -----	5

The dollar credit sales agreement totaling \$35.9 million signed with Brazil in October 1967 provides that at least 20 percent of the cruzeiro proceeds of the sale will be made available for lending to private enterprise. These funds, as well as a large share of counterpart generated under AID loans, are available for loans without discrimination to American and Brazilian firms.

During the period January 1-October 31, 1967, 29 loans totaling the equivalent of \$26.6 million were authorized to private enterprise. Loans were made for such projects as fertilizer plants in India, a pesticides plant in Pakistan, and poultry production in Korea, the Philippines and Chile. At the end of October, \$81.4 million equivalent was available for additional loans.

#### *Identification and Publicity*

The Act provides that commitments must be obtained from purchasing countries that will insure, insofar as practicable, that food commodities sold for foreign currencies are marked or identified at point of distribution or sale as being provided on a concessional basis to the recipient government through the generosity of the people of the United States. In addition, commitments must be obtained from purchasing countries to publicize widely to their people, by public media and other means, that commodities are being provided on a concessional basis through the friendship of the America people as Food for Peace.

Since most of the Title I commodities are shipped in bulk and are either processed before sale to consumers or mixed with similar commodities imported commercially or produced domestically, there generally is no practicable method available to identify U.S. commodities at the point of distribution. Where practicable, special measures are taken such as in India, for example, where identification tags are attached to bags of PL 480 foodgrains. In most cases, understandings reached with recipient governments provide for publicity at the time of signing of agreements and during the time of commodity arrivals, with emphasis on the first and last arrivals under a particular agreement. Publicity is carried out through mass media in receiving countries, including newspaper, radio and television.

#### DONATIONS

Donation programs are now unified under Title II of the amended legislation. Commodities are made available to U.S. non-profit voluntary agencies, international agencies and foreign governments.

CCC cost of shipments under donation programs during January-October 1967 totaled about \$333 million. FY 1967 shipments were valued at \$371 million, about the same as the preceding year. FY 1968 shipments are expected to be somewhat larger.

Ample supplies of commodities, particularly wheat and wheat products, coarse grains and vegetable oil, are available for donation programs. Strong efforts are being made to increase the effective use of these resources to help developing countries gain ground in the food and population race and to help speed up

social and economic progress. Special emphasis is being placed on programs to combat malnutrition particularly in infants and pre-school children, to provide school children with nutritious meals and to promote community development and other self-help activities, particularly to increase agricultural production. Specially developed formulated foods are being used increasingly to upgrade the diet of needy children who are particularly vulnerable to protein deficiency. CSM, a mixture of 68 percent gelatinized cornmeal, 25 percent defatted soy flour, 5 percent nonfat dry milk and 2 percent vitamins and minerals, has been the principal type of formulated food used so far. Since September 1966, over 330 million pounds have been used around the world to combat malnutrition and now a new wheat-based formulated food is ready for use.

U.S. voluntary agencies have progressed beyond the halfway point in converting from "dole feeding" (i.e., feeding unemployed or underemployed, able-bodied adults on a continuing basis) to food for work activities. This is in line with the 1964 amendment providing that insofar as practicable, assistance to needy persons is directed toward community and other self-help activities designed to alleviate the causes of the need for such assistance.

Over 7 million children of India benefitted last year from donation programs which were substantially increased because of the catastrophic drought.

#### APPENDIX

Following are self-help programs included in the government-to-government agreements signed from January through October 31, 1967. In those instances in which more than one agreement has been signed, the supplementary agreement incorporates by reference the self-help programs described in the previous agreement and includes any additional self-help measures agreed upon.

#### AFGHANISTAN

*Agreement signed July 19, 1967*

1. Give highest priority to the development of agriculture during the Third Five Year Plan;
2. Continue the accelerated wheat production program which is expected to achieve self-sufficiency by the end of 1972;
3. Press ahead in expanding adaptive research in the application of fertilizers and in the use of improved seeds;
4. Take steps to maintain a full complement of students and steadily improve the quality of students and instruction in agriculture at Kabul University.
5. Work toward self-sufficiency in edible oil production.
6. Carry out such other measures as may be mutually agreed upon for the purposes specified in Section 109(a) of the Act.

#### BRAZIL

*Agreement signed October 5, 1967*

1. Increase the proportion of GOB budget allocated to the agricultural sector;
2. Expedite reorganization of the Ministry of Agriculture along lines prescribed in the newly enacted Administrative Reform Decree Law to provide better planning and coordination for national agricultural programs;
3. Make all local currency generated from this sales agreement available for use in the agricultural sector with currencies being used as follows, and with at least matching contributions from other Brazilian resources for these purposes:
  - (a) Approximately 20 percent for credit for loans to cooperatives through the National Bank for improving marketing, grain handling and storage facilities;
  - (b) Approximately 60 percent for medium and long-term "on farm credit" to stimulate the use of inputs such as seeds, limestone, fertilizers and services;
  - (c) Approximately 10 percent for construction of more farm-to-market roads and community self-help improvement projects;
  - (d) The remainder to be used to support other priority agricultural development programs now underway, including the expansion of institutions for adaptive research and the production of agricultural limestone;
4. Encourage the multiplication and distribution of improved seeds to farmers by promoting the private seed industry through reducing government monopoly controls and providing incentives to private industry;

5. Create a more favorable environment for private enterprise and investment in agricultural supporting industries, thus enabling more effective use of available managerial, marketing and technical know-how;

6. Strengthen price incentive to farmers, encouraging them to shift to the production of needed food crops any excessive land resources being used for crops in world surplus such as coffee, cotton and sugar;

7. Accelerate implementation of the land reform distribution program in the priority zones and complete cadastral and resource surveys needed to provide an adequate tax base and the information essential for an orderly frontier settlement program;

8. Strengthen systems of collection, computation, and analysis of statistics to better measure the availability of agricultural inputs and progress in expanding production and utilization of agricultural commodities; and

9. Submit semi-annual progress reports on implementation of the above; reports are due January 31 and July 31.

#### CEYLON

*Agreement signed October 27, 1967*

1. Make every effort to increase paddy rice production from 50 million bushels per year to at least 70 million bushels by 1970, or about 8 percent per year. Most of this growth will be achieved by expanding yields through improved cultural practices. Increased use will be made of new varieties of rice such as the H-4 and H-8. In addition, more efficient use will be made of the 100,000 acres of paddy land which is now being left fallow each year.

2. Review the current and future supply situation for fertilizer and other farm chemicals, considering both imports and real and potential domestic production.

3. Make every effort to expand fertilizer utilization from 60,000 tons per year to approximately 150,000 tons by 1970.

4. Create a favorable climate for domestic or foreign private investment or foreign private investment in agriculture supply industries so that (a) modern agriculture can be developed without undue dependence on imported agricultural inputs, and (b) dependence on concessional food imports can be eliminated as rapidly as possible.

5. Carefully study the merits of redirecting any additional resources contemplated for the production of export crops now in surplus on the world market to alternative uses in expanding domestic food supplies, especially rice.

6. Review the adequacy of supplies of trained manpower in agriculture. Particular emphasis should be placed on evaluating the needs for personnel with vocational and university level training.

#### CONGO

*Agreement signed March 15, 1967*

1. To allocate a large portion of the proceeds from this Agreement as mutually agreed upon for (a) the repair and maintenance of bridges, roads and transport facilities with priority given to those which are directly related to the movement of agricultural produce and (b) for food production projects with emphasis on those programs aimed at increasing the production of foodstuffs, notably rice or similar products.

2. To encourage growth of both agricultural vocational schools and training in agricultural production at the University of Louvianum and other educational institutions.

3. To provide from the current budget presentation information for joint review on the Government's policy and program for increasing food production.

4. Such other measures as may be mutually agreed upon for the purposes specified in Section 109(a) of the Act. Specific recommendations for these additional measures are to be provided at the time of the joint review specified in 3 above and in any event within one year of this Agreement.

#### GHANA

*Agreement signed March 3, 1967*

1. To give first priority to agricultural development in the Government's development planning through increased allocation of funds and rigorous direction of new programs.

2. To press ahead as rapidly as possible with the Government's feeder road program giving first attention to those areas showing best prospects for increasing the flow of food products into urban markets.
3. Applying a substantial portion of the local currencies generated by this Agreement to self-help food production projects.

4. Provide at the time of the next budget presentation information for joint review on the Government's policy and program for increasing food production.

5. Such other measures as may be mutually agreed upon for the purposes specified in Section 109(a) of the Act. Special recommendations for these additional measures are to be provided at the time of the joint review specified in 4 above and in any event within one year of this Agreement.

*Agreement signed October 27, 1967*

To strengthen systems of collection, computation, and analysis of statistics to better measure the availability of agricultural inputs and progress in expanding production of agricultural commodities.

#### GUINEA

*Agreement signed October 18, 1967*

1. Request the assistance of appropriate international organizations to :
  - (a) Inaugurate such economic stabilization measures as may be necessary to increase agricultural production;
  - (b) Make studies of its agricultural programs and policy, especially of the marketing system, in order to improve efficiency and to achieve optimum production levels;
  - (c) Conduct periodic reviews of the Government's plans and programs for increasing food production.
2. Make available the proceeds obtained from the sales in Guinea of commodities provided under this agreement for use in agricultural development.

#### ICELAND

*Agreement signed June 5, 1967*

1. Continue its efforts to improve the agricultural sector with emphasis on crops suitable to the climate and land.
2. Continue improvement in the storage and distribution of agricultural commodities, and
3. Carry out such other measures as may be mutually agreed upon for the purpose specified in section 109(a) of the Act.

#### INDIA

*Agreement signed February 20, 1967*

1. The two Governments have consulted on the problems arising out of the gap between food production and food consumption. India has launched strong programs of economic and agricultural development accompanied by appropriate measures of import liberalization which this agreement is designed to support.

2. The two Governments are agreed that planning for food sufficiency is an integral part of the development process and necessarily the first priority in economic planning. Nevertheless programs to achieve food sufficiency will be self-defeating if they are achieved at the expense of development in other sectors of the economy.

3. The Indian Government, as part of its overall development program for the fiscal year beginning April 1967, is giving priority to its programs to improve production, storage and distribution of agricultural commodities, particularly food crops. Subject to the overall development of the economy and the availability of adequate amounts of foreign exchange, the following general targets were established for 1967/68 within the framework of the draft outline of the Fourth Five Year Plan of the Indian Government.

(a) Fertilizer production—535,000 nutrient tons of Nitrogen (N), 250,000 nutrient tons of phosphate ( $P_2O_5$ ).

(b) Fertilizer imports—850,000 nutrient tons of N, 250,000 nutrient tons of  $P_2O_5$ , and 300,000 nutrient tons of potassium ( $K_2O$ ).

## (c) Acreage to be placed under new varieties of seeds :

	Acres (thousands)
Rice	6,000
Wheat	3,500
Maize	
Bajra	
Jowar	5,500

(d) Crop protection—125 million acres to be sprayed.

(e) Irrigation—an increase in minor irrigation of three million acres, of which 2.4 million will be new command areas, 300,000 acres improvement in existing systems and 300,000 acres provided with supplementary irrigation; and concentration on use of irrigation for intensive production.

(f) Agricultural credit—an increase of over Rs. 1000 million in agricultural credit—short, medium and long-term—administered through government agencies, cooperatives and land development banks.

(g) Storage—owned by the Food Department and the Food Corporation of India will increase from two million tons capacity to 2.5 million tons. The Central and State Warehousing Corporation will increase their modern storage capacity by .35 million tons (to 1.8 million tons) and the States and cooperative societies will increase their facilities on modern construction designs by 5 million tons (to 2.5 million tons).

## 4. Further, the following is also recognized :

(a) With respect to pricing, the timely announcement of the food grain price support at levels sufficient to encourage greater production is important so that the cultivator will base his cropping pattern on certain knowledge of the return of his expenditure, and

(b) With respect to distribution, a satisfactory distribution policy is heavily dependent on the availability of stocks under the control of the Central Government, and it is the intention of the Indian Government to increase the end of year grain stocks through implementation of price support and food distribution policies.

(c) With respect to investment, implementation of the targets set forth in paragraph 3 above and of the general agricultural development program calls for a significantly larger investment in agriculture in 1967/68 than in the previous year.

5. The Indian Government has announced its intention of accelerating the domestic production capacity for fertilizer and other industrial inputs for agriculture. The Indian Government has also announced its determination to call on all possible sources of financing for these undertakings, including private investment, and has declared that it recognizes in the context the importance of policies designed to secure a favorable investment climate.

*Agreement signed June 24, 1967 (1st supplementary)*

1. As part of its efforts to increase the domestic production of fertilizer needed to achieve its target of food sufficiency and to reduce the demand for foreign exchange, the Government of India is accelerating its efforts to assess and if feasible develop indigenous sources of phosphate rock.

2. The Government of India has also announced its determination to give high priority to the implementation of a massive country-wide family planning program in order to limit the growth of population and ensure a better standard of living for its people.

3. The Government of India has announced that it is undertaking measures to systematically reduce the rate of foodgrain losses due to pests, particularly insects and rodents.

4. The Government of India anticipates that foodgrain acreage will increase by about 10 million acres by 1970-71 over the total area in 1964-65, while the area under cotton is expected to remain unchanged during the same period. In seeking to increase foodgrain production, the Government of India is developing and implementing a policy of announced incentive prices, improved information and extension programs, and other appropriate means.

## INDONESIA

*Agreement signed September 15, 1967*

1. Provide budget and administrative support to expand operation of the BIMAS project over 1966 level;
2. Develop credit, fertilizer and seed program to assist farmers formerly in BIMAS;
3. Develop incentive price and government purchasing program for rice which will guarantee producers a fair price in relation to cost of fertilizer, pesticides and other off-farm cost;
4. Undertake programs to improve farm-to-market roads, marketing and storage facilities consistent with the needs of expanding food production to meet domestic requirements.

## ISRAEL

*Agreement signed August 4, 1967*

Israel will continue to give priority to its program of agricultural development which has resulted in substantial increases in per capita food production and improvement in means for storage and distribution of agricultural commodities.

## KOREA

*Agreement signed March 25, 1967*

In consideration of section 103(a) and section 109 of the Act, the Government of the importing country undertakes the following:

1. To give high priority to agricultural development and to fulfilling the goals of the "Second Plan" and, in particular, to place greater emphasis on (a) seed improvement, (b) marketing systems for agricultural inputs and products, (c) development of production and marketing information, and (d) provision of greater funds for agricultural research.
2. To expand family planning services.

The two Governments agree during the period of this agreement to determine progress in meeting the objectives of (1) and (2) above and to continue to strive for the most efficient allocation of financial and food resources to the agricultural sector.

## LIBERIA

*Agreement signed October 23, 1967*

1. Give priority to agricultural development, including food crops, in the Government's budget and development planning, as evidenced by an increase in the allocation for agriculture in the Fiscal Year 1968 budget;

2. Place more adequate emphasis on practical and realistic detailed advanced planning for individual activities such as the rice zone production plan;

3. Give rigorous direction and administration to existing and new agricultural activities;

4. Give added emphasis to construction and maintenance of rural roads with priority on areas showing best potential for increased production and distribution of agricultural products;

5. Conduct studies of rice marketing to determine the effect of market mechanisms, including price policies, on production and the need for storage and processing facilities and other production incentives;

6. Strengthen systems of collection, computation and analysis of statistics to better measure the availability of agricultural inputs and progress in expanding production of agricultural commodities;

7. Provide the United States Government with information for joint review of Government of Liberia policies and programs for increasing agricultural production; and

8. Undertake such other measures as may be mutually agreed upon for the purposes specified in Section 109(a) of the Act. Specific recommendations for these additional measures are to be provided at the time of the joint review specified in 7 above and in any event within six months of the date of the sales agreement.

## MOROCCO

*Agreement signed April 20, 1967*

1. Increase and improve crop and livestock research with emphasis on the major grain crops in both dryland and irrigated areas;
2. Improve range management;
3. Establish and maintain erosion control measures in upper watersheds adjoining irrigation development projects;
4. Increase vocational agricultural training at the secondary school level;
5. Such other measures as may be mutually agreed upon for the purposes specified in Section 109(a) of the Act.

*Agreement signed October 27, 1967*

To strengthen systems of collection, computation, and analysis of statistics to measure even better the availability of agricultural inputs and progress in expanding production of agricultural commodities.

PAKISTAN

*Agreement signed May 11, 1967*

1. Give top priority to agricultural development and to fulfilling the goals of the Third Plan.

2. Continue to take measures to attract more foreign private capital and technical and management know-how in the production and distribution of agricultural inputs; issue a statement reaffirming its attitude towards foreign investment in the agri-business sector, including to the extent practicable specific measures already taken and those contemplated to encourage investment and encouraging a speed up in negotiations and the pace of plant construction with particular emphasis on fertilizer production and other agricultural chemicals such as insecticides and fungicides.

3. Continue to give priority to improved seed, insuring to the extent practicable that the combined public and private effort, including any necessary legislation, will be sufficient to reach the established targets for food self-sufficiency including provision for appropriate standards for cleanliness, germination, and labeling of seeds.

4. In view of the substantial increase in agricultural credit needed to serve the private sector for purchase of modern agricultural inputs during the Third Plan, give serious consideration to increasing substantially the amount of such credit allocated under the Third Plan.

5. Maintain price levels for wheat and rice which will encourage production, taking into account that the purchase price for wheat and rice should be set at levels which, consistent with the requirements of economic stability, will serve as an effective incentive for production.

6. Further improve marketing and distribution systems, with greater emphasis placed on market information, and grades and standards.

7. Further improve the quality of agricultural research, education, and extension with particular attention to improved research, especially that which will lead to increased yields (such as work on new seed varieties) involving possible additional increases in budgetary allocations.

8. Continue to give priority to family planning.

*Agreement signed August 3, 1967 (1st supplementary)*

1. Reevaluate its future fertilizer needs in light of the greater requirements of the new varieties of wheat and rice. Recent reports indicate, for instance, that wheat has a greater need for phosphate than previously estimated.

2. Continue to stress the tubewell irrigation program which has proven so successful in the past.

SUDAN

*Agreement signed June 3, 1967*

1. Continue to devote its resources on priority basis to programs intended to increase food production and decrease its dependence on food imports.

2. Continue to expand cultivated regions in irrigated and rainland areas for food production.

3. Continue to (a) provide training and instruction in improved agricultural methods and techniques at the University of Khartoum and Shabat Institute of Agriculture and (b) strengthen the Agricultural Extension Service to bring technical know-how to farmers.

4. Continue to construct storage facilities as needed to support the increased agricultural production program.

5. Continue to encourage private enterprise in the marketing and distribution of grains and other foods.

6. Such other measures as may be mutually agreed upon for the purposes specified in Section 109(a) of the Act.

TUNISIA

*Agreement signed March 17, 1967*

A. The importing country will continue to give priority to increasing agricultural production through allocating additional resources and by a more efficient use of existing agricultural investments.

B. Specific self-help measures will include:

1. Strengthening agricultural analysis and planning and production-oriented research for improving agricultural policies with regard to investment priorities; land use change and cropping patterns, agricultural pricing policies, farm management organization and marketing of agricultural crops.

2. Emphasis on increasing production of major cereal crops through plant breeding, seed selection and fertilization.

3. Livestock quality improvement through better breeding, feeding and disease control.

4. Optimum expansion of irrigated land development with special emphasis on ground water and erosion control in upper watersheds.

5. To apply a substantial portion of the local currencies generated by this agreement to agriculture and food production projects.

6. To provide from the current Tunisian economic budget for calendar year 1967 information to facilitate continuing discussions on the Government's policy and programs for increasing agricultural production.

7. Such other measures as may be mutually agreed upon for the purposes specified in Section 109(a) of the Act. Specific recommendations for these additional measures are to be provided at the time of the joint review specified in item 6 above and in any event within one year of this agreement.

#### VIETNAM

*Agreement signed March 13, 1967*

In consideration of section 109(a) of the law it is recognized that the Government of Viet-Nam in cooperation with the Government of the United States, is developing new policies with regard to improving production, storage and distribution of agricultural commodities and in particular with regard to rice pricing and distribution and fertilizer procurement and distribution which will lead to increased production, facilitate delivery to deficit areas, and reduce the need for the imports of rice. Additionally, these policies will assist pacification and development of rural areas.

Therefore, no additional self-help proposals are contemplated within the terms of this agreement. In subsequent agreements or amendments, progress will be reviewed and additional self-help requirements considered.

*Agreement signed September 21, 1967 (1st supplementary)*

A. Pursue aggressively a policy of rapidly increasing rice production in Viet-Nam through productivity increasing measures.

B. Develop measures to maintain the officially announced paddy price during the forthcoming harvest season and to assure favorable returns to producers.

C. Continue to promote importation and distribution of fertilizer by cooperative and private entities with the objective of considerably higher usage at prices consistent with the announced farm price for paddy.

D. Undertake a program for decreasing losses of stored rice.

E. Develop longer-term price support, fertilizer and seed programs to support policy goal of increased rice production.

*Agreement signed October 24, 1967 (2nd supplementary)*

A. Pursue aggressively policy of rapidly increasing pork production.

B. Establish selling price for imported corn which will encourage its expanded use as feed grain for pork production.

C. Develop distribution system for imported corn which will ensure that it is plentifully available to hog producers in major market areas at or near established selling price.

D. Employ storage facilities and procedures which will minimize losses stored corn.

E. Maintain free market for hogs and pork by removing unnecessary administrative impediments.

The CHAIRMAN. In addition to all of this, I think it might be well for the committee, as well as the country, to know what the program under the present law was for the year 1967 as well as 1966. We have here tables indicating the different countries that received these commodities, the amounts, and the various commodities disposed of.

(The tables referred to follow:)

## TITLE I, PUBLIC LAW 480

VALUE OF AGREEMENTS SIGNED, JAN. 1-DEC. 31, 1967

[In millions of dollars]

Country	Market value			Total export market value	Total CCC cost
	L.C.	C.L.C.C.	D.C.		
Afghanistan	4.34			4.34	4.70
Brazil	35.95			35.95	39.30
Ceylon	9.97			9.97	10.90
Chile	17.60		13.69	31.29	32.60
China (Taiwan)	37.50			37.50	37.50
Congo	23.39			23.39	26.10
Ghana	10.22			10.22	12.00
Guatemala		1.11		1.11	1.60
Guinea	3.42			3.42	3.60
Iceland		1.25		1.25	1.40
India	458.90	90.10		549.00	628.70
Indonesia	22.61			22.61	23.00
Israel	13.80		13.80	27.60	29.30
Iran			1.98	1.98	2.00
Korea	47.38		1.52	48.90	58.00
Liberia		.85		.85	.90
Morocco	18.10		19.10	37.20	40.20
Pakistan	149.70	32.10		181.80	198.60
Paraguay			2.40	2.40	2.90
Sudan	11.45			11.45	11.50
Tunisia	20.77		14.72	35.49	37.50
Vietnam	144.20			144.20	152.70
Total	912.02	152.57	139.03	18.30	1,221.92
					1,355.00

VALUE OF AGREEMENTS SIGNED JAN. 1-DEC. 31, 1966

[In millions of dollars]

Country	Market value			Total export market value	Total CCC cost
	LC	DC	PTE		
Afghanistan	1.41			1.41	1.93
Algeria	12.60			12.60	19.81
Bolivia	6.52	.58		7.10	11.65
Brazil	63.72			63.72	101.34
Ceylon	4.54			4.54	6.96
Colombia	16.77			16.77	23.64
Congo	4.94	9.17		14.11	17.09
EASCO <sup>1</sup>		3.57		3.57	5.07
Ecuador		1.16		1.16	1.16
Ghana	7.46			7.46	10.00
Greece		3.77		3.77	4.03
Guinea	2.38			2.38	3.35
Iceland		2.20		2.20	2.47
India	555.44			555.44	771.32
Indonesia		45.87		45.87	65.30
Iran	2.73		1.98	4.71	6.64
Iraq		1.83		1.83	2.55
Israel	23.50	8.50		32.00	36.60
Ivory Coast		1.79		1.79	2.04
Jordan	5.90	1.63		7.53	9.73
Kenya		3.29		3.29	3.66
Korea	52.61			52.61	73.83
Liberia		.84		.84	1.15
Morocco	9.60	10.14		19.74	27.74
Pakistan	104.17			104.17	126.16
Paraguay		2.54		2.54	4.09
Philippines		20.14		20.14	27.37
Sierra Leone		.67		.67	.83
Sudan	4.16			4.16	5.26
Tunisia	13.37			13.37	15.76
Turkey	19.00			19.00	29.00
United Arab Republic (Egypt)	41.05	14.64		55.69	81.83
Vietnam	176.35		68.45	176.35	212.25
Yugoslavia				68.45	100.25
Estimated ocean transportation for LC sales					80.68
Total	1,030.99	298.01	1.98	1,330.98	1,892.53

<sup>1</sup> Kenya, Uganda, and Tanzania.

**AMOUNTS PROGRAMED UNDER AGREEMENTS SIGNED AND ESTIMATED MARKET VALUE OF COMMODITIES  
SHIPPED JULY 1, 1954, THROUGH DEC. 31, 1967**

[In thousands of dollars]

Country	Amounts programed (export market value)	Estimated market value of shipments	Country	Amounts programed (export market value)	Estimated market value of shipments
Afghanistan-----	6,371	5,935	Indonesia-----	335,191	326,087
Algeria-----	11,231	11,231	Iran-----	78,090	74,531
Argentina-----	29,875	29,875	Iraq-----	12,496	12,483
Austria-----	39,502	39,502	Israel-----	336,815	331,854
Bolivia-----	38,953	38,901	Italy-----	139,993	139,993
Brazil-----	536,520	531,216	Ivory Coast-----	8,131	8,039
Burma-----	44,103	44,103	Japan-----	135,028	135,028
Ceylon-----	36,802	29,603	Jordan-----	7,377	7,377
Chile-----	146,500	114,273	Kenya-----	11,849	11,849
Colombia-----	70,244	70,161	Kenya, Uganda, and Tanzania-----	2,536	2,325
Congo-----	108,211	91,528	Korea-----	547,496	533,510
Cyprus-----	1,897	1,897	Liberia-----	2,147	1,347
Dominican Republic-----	12,877	12,877	Mali-----	580	550
Ecuador-----	18,104	17,039	Mexico-----	24,644	24,644
El Salvador-----	648	648	Morocco-----	91,257	64,145
Ethiopia-----	7,220	4,641	Netherlands-----	247	247
Finland-----	41,182	41,182	Pakistan-----	1,183,931	1,096,268
France-----	35,558	35,558	Paraguay-----	19,358	16,985
Germany-----	1,197	1,197	Peru-----	40,070	40,070
Ghana-----	18,180	11,417	Philippines-----	54,087	54,087
Greece-----	145,595	144,026	Poland-----	498,241	498,241
Guinea-----	31,473	28,865	Portugal-----	27,816	27,816
Guatemala-----	1,109	-----	Ryukyu Islands-----	9,383	8,123
Iceland-----	21,166	20,974	Senegal-----	3,130	3,130
India-----	3,773,214	3,507,276			

**QUANTITY AND VALUE OF SHIPMENTS, CALENDAR YEARS 1966 AND 1967**

[Quantities in thousands of units; dollar amounts in thousands]

Commodity	Unit	Calendar 1966		Calendar 1967	
		Quantity	Value	Quantity	Value
Wheat-----	Bushel-----	385,670	\$654,276	243,892	\$421,874
Wheat flour-----	Hundredweight-----	10,574	36,588	3,890	13,334
Rice-----	do-----	10,137	67,604	16,800	126,441
Corn-----	Bushel-----	29,562	43,020	21,131	30,807
Grain sorghums-----	do-----	88,623	107,537	76,544	102,122
Soybean oil-----	Pounds-----	219,078	27,377	658,372	73,581
Tallow-----	do-----	20,106	1,660	228,895	16,610
Tobacco-----	do-----	28,893	21,617	23,313	19,745
Cotton-----	Bales-----	708	87,087	800	87,571
Mixed feed grains-----	Pounds-----	119	21	-----	-----
Barley-----	Bushels-----	1,290	1,662	1,655	1,985
Nonfat dry milk-----	Pounds-----	3,730	686	2,809	619
Dry whole milk-----	do-----	340	170	-----	-----
Condensed milk-----	do-----	92,636	22,069	33,556	8,344
Evaporated milk-----	do-----	796	111	-----	-----
Anhydrous milk-----	do-----	778	300	-----	-----
Cottonseed-----	do-----	32,960	4,715	-----	-----
Total:					
Metric tons-----		14,800.07		10,660.53	
Value-----			1,076,500		903,333

VALUE OF COMMODITIES PROGRAMED UNDER AGREEMENTS SIGNED JULY 1, 1954 THROUGH DEC. 31, 1967 (BY COUNTRY OF DESTINATION)  
[In millions of dollars]

Area and country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Other	Market value	Ocean transporta- tion <sup>1</sup>	Market value including ocean transpor- ta- tion	Total	Estimated GCC cost including ocean transpor- ta- tion
Europe	895.0	168.3	3.2	526.5	126.9	3.7	443.2	40.4	2,207.2	173.5	2,380.7	3,113.2	
Austria	6.9	15.7		9.5	4.8		2.4	.2	39.5	3.3	42.8	60.1	
Finland	10.5	2.3		11.3	14.4		2.6	41.1	2.1	43.2	56.5		
France				23.0	12.6				35.6	.1	35.7	47.3	
Germany									1.2	1.2	1.2	1.2	
Iceland	6.2	6.2	.3	.9	5.3		.9	1.3	31.1	1.3	22.4	25.9	
Italy	1.5	4.8		76.9	20.4		36.4	(2)	140.0	4.6	144.6	184.3	
Netherlands				2.2					2		2	2	
Poland	250.5	66.1	2.9	124.4	6.7	3.2	44.4		498.2	38.7	536.9	749.3	
Portugal	27.8								27.8	3.3	31.1	45.0	
Spain	318.2	73.2		118.8	24.7		246.9		501.0	26.8	527.8	590.9	
United Kingdom					38.0		10.1	48.1	48.1	48.5	48.5	48.5	
Yugoslavia	513.4			161.5		.5	112.2	5.8	853.4	92.9	946.3	1,304.0	
Africa	196.8	43.3	58.4	37.8	23.3	13.6	53.0	4.0	430.2	35.1	459.3	565.3	
Algeria	11.2								11.2	.6	11.8	15.2	
Congo	31.6	5.1	21.8	13.9	19.9	11.7		4.0	108.0	7.7	115.7	141.1	
Ghana	3.0	.5	6.9	2.9	2.6				18.1		18.1	21.8	
Ethiopia	.6			6.6					7.2		7.2	10.9	
EASCO	2.5								2.5	.6	3.1	3.1	
Guinea	6.7	.1	16.0	2.2			1.9	4.5	31.4	3.0	34.4	46.3	
Ivory Coast			7.8					.4	8.2	.8	9.0	12.3	
Kenya	1	11.8							11.9	.3	12.2	13.9	



VALUE OF COMMODITIES PROGRAMMED UNDER AGREEMENTS SIGNED JULY 1, 1956, THROUGH DEC. 31, 1967 (BY COUNTRY OF DESTINATION)—Continued

[In millions of dollars]

Area and country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Other	Market value	Ocean transportation <sup>1</sup>	Market value including ocean transportation	Estimated CCC cost including ocean transportation	Total
Ecuador	5.6	—	.6	1.1	4.2	—	6.5	—	18.0	1.2	19.2	22.8	
El Salvador	.6	—	—	—	—	—	—	—	—	1.6	1.6	1.6	
Guatemala	—	—	24.6	—	—	—	1.1	—	—	—	—	—	
Mexico	—	—	—	—	—	—	—	—	—	—	—	—	
Paraguay	18.4	—	—	—	—	—	—	—	—	—	—	—	
Peru	25.4	—	9.9	—	—	—	4	.5	—	24.6	1.0	25.6	41.2
Uruguay	—	—	12.6	7.2	—	7.2	.1	4.7	—	19.3	3.0	22.6	31.1
Grand total	6,969.1	6,927.6	889.2	1,680.0	387.8	6 177.2	7 1,254.6	886.0	12,371.5	1,396.4	13,581.5	18,022.1	
<sup>1</sup> Includes ocean transportation to be disbursed by CCC.													
<sup>2</sup> \$50,000 or less.													\$1,080.5
<sup>3</sup> \$4,400,000 of wheat sold to Spain for resale to Switzerland or financing of Swiss goods in Spain.													1.1
<sup>4</sup> Includes \$3,000,000 cotton linters; \$6,600,900, extra-long staple.													28.9
<sup>5</sup> Includes the following:													133.3
Corn	—	—	—	—	—	—	—	—	—	—	—	—	
Oats	—	—	—	—	—	—	—	—	—	—	—	—	
Oats	—	—	—	—	—	—	—	—	—	—	—	—	
Barley	—	—	—	—	—	—	—	—	—	—	—	—	
Grain sorghums	—	—	—	—	—	—	—	—	—	—	—	—	
Rye	—	—	—	—	—	—	—	—	—	—	—	—	
Mixed feed	—	—	—	—	—	—	—	—	—	—	—	—	
Total	927.6	311.8	5.9	—	—	—	—	—	—	—	—	—	1,254.6
<sup>6</sup> Includes the following:													Millions
Canned milk	—	—	—	—	—	—	—	—	—	—	—	—	
Anhydrous milkfat	—	—	—	—	—	—	—	—	—	—	—	—	
Condensed milk	—	—	—	—	—	—	—	—	—	—	—	—	
Dry whole milk	—	—	—	—	—	—	—	—	—	—	—	—	
Nonfat dry milk	—	—	—	—	—	—	—	—	—	—	—	—	
Evaporated milk	—	—	—	—	—	—	—	—	—	—	—	—	
Butter oil/ghee	—	—	—	—	—	—	—	—	—	—	—	—	
Cheese	—	—	—	—	—	—	—	—	—	—	—	—	
Whey	—	—	—	—	—	—	—	—	—	—	—	—	
Total	—	—	—	—	—	—	—	—	—	—	—	—	86.0
<sup>7</sup> Includes the following:													
Cottonseed and/or soybean oil	—	—	—	—	—	—	—	—	—	—	—	—	
Linseed oil	—	—	—	—	—	—	—	—	—	—	—	—	
Lard	—	—	—	—	—	—	—	—	—	—	—	—	
Tallow	—	—	—	—	—	—	—	—	—	—	—	—	
Soybeans	—	—	—	—	—	—	—	—	—	—	—	—	
Soybean meal	—	—	—	—	—	—	—	—	—	—	—	—	
Total	—	—	—	—	—	—	—	—	—	—	—	—	2.1
<sup>8</sup> Includes the following:													
Fruit: Austria, Burma, Congo, Finland, Iceland, India, Israel, United Kingdom, Yugoslavia	—	—	—	—	—	—	—	—	—	—	—	—	
Seeds: Chile	—	—	—	—	—	—	—	—	—	—	—	—	
Potatoes: Spain	—	—	—	—	—	—	—	—	—	—	—	—	
Poultry: Germany, Italy, Turkey, Spain, United Arab Republic, Congo	—	—	—	—	—	—	—	—	—	—	—	—	
Beef: Spain, Israel, Turkey, United Arab Republic	—	—	—	—	—	—	—	—	—	—	—	—	
Pork: Korea, Spain	—	—	—	—	—	—	—	—	—	—	—	—	
Beans and peas, lentils: Israel, Spain, Yugoslavia, Pakistan, Congo, United Arab Republic	—	—	—	—	—	—	—	—	—	—	—	—	
Eggs: Brazil	—	—	—	—	—	—	—	—	—	—	—	—	
Eggs: Pakistan	—	—	—	—	—	—	—	—	—	—	—	—	
Total	—	—	—	—	—	—	—	—	—	—	—	—	8.7
<sup>9</sup> Does not include \$186,400,000 ocean transportation on local currency agreements signed after January 1965, as this amount is charged to CCC cost only.													
Total	177.2	—	—	—	—	—	—	—	—	—	—	—	177.2
Note: EACSO/Kenya, Uganda, and Tanzania.	—	—	—	—	—	—	—	—	—	—	—	—	

VALUE OF COMMODITIES PROGRAMMED UNDER AGREEMENTS SIGNED IN CALENDAR YEAR 1967 (BY COUNTRY OF DESTINATION)  
[In millions of dollars]

Area and country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Market value <sup>1</sup>	Estimated CCC cost including ocean transportation <sup>2</sup>
Europe (total); Iceland	0.5	14.9	7.5	14.4	0.7	7.5	20.5	1.3	1.4
Africa (total)	53.0	—	—	—	—	—	122.1	131.8	
Congo	6.9	—	2.9	6.4	5.3	—	23.4	26.0	
Ohana	1.0	—	3.8	1.7	1.7	—	10.2	12.6	
Guinea	.9	—	—	1.1	—	—	3.4	3.9	
Liberia	—	—	.8	—	—	—	1.1	—	
Morocco	30.4	—	—	—	4.0	—	1.8	37.9	40.9
Sudan	—	11.0	—	—	—	—	—	11.5	11.5
Tunisia	13.8	3.9	—	—	1.2	—	15.6	35.5	37.5
Near East-South Asia (total)	528.0	114.1	—	—	10.4	5.7	1.9	98.3	774.6
Afghanistan	2.8	—	—	—	—	—	1.3	4.4	4.7
Ceylon	6.8	4	—	—	—	—	—	10.0	10.9
India	400.8	91.6	—	6.3	—	—	41.5	549.0	628.7
Iran	—	—	—	—	—	—	1.8	1.8	2.0
Israel	—	—	—	—	—	—	3.8	27.6	29.3
Pakistan	117.6	—	22.1	—	4.1	5.5	1.9	49.9	181.8
Far East-Pacific (total)	14.1	5.0	156.9	54.4	10.6	1.0	8.3	253.2	271.2
Indonesia	2.5	—	—	17.3	—	—	—	—	—
Korea	11.6	1.4	—	—	31.4	—	4.4	22.6	23.0
Taiwan	—	—	—	23.0	—	10.6	—	48.9	58.0
Vietnam	—	—	3.6	139.6	—	—	1.0	3.9	37.5
Latin America (total)	44.3	1.4	—	—	13.1	1.8	1.4	5.4	70.7
Brazil	34.2	—	—	—	—	—	—	36.0	39.3
Chile	7.8	1.4	—	—	13.1	1.8	1.4	4.3	31.3
Guatemala	—	—	—	—	—	—	—	1.1	1.6
Paraguay	2.3	—	—	—	—	—	—	2.3	2.9
Grand total	639.9	3 135.4	—	164.4	92.3	26.3	4 4.3	• 132.5	1,221.9
									1,355.0

<sup>1</sup> Includes ocean transportation for which financing is provided in the agreement.

<sup>2</sup> Includes \$125,200,000 ocean transportation to be disbursed by CCC.

<sup>4</sup> Nonfat dry milk.

<sup>5</sup> Includes the following:

Million dollars

Tallow

CSO/SSO

Total

Million dollars

27.3

105.2

132.5

Total

QUANTITIES OF COMMODITIES PROGRAMED UNDER AGREEMENTS SIGNED JULY 1, 1954, THROUGH DEC. 31, 1967 (BY COUNTRY OF DESTINATION)

Near East-South Asia (total)	2,782,732	484,223	56,399	2,867.6	117,408	323,138	5,068,719	19,240	903	1,517	65,614
Afghanistan	2,205	421	1,985								15,196
Ceylon	15,769										
Cyprus	1,085										
Greece	22,578	57,868									
India	1,654,921	219,116	38,495	2,562.6	14,985	36,691	191,321				808
Iran	41,424	2,104				81,572	808,254				
Iraq	6,432					1,630	26,476				
Israel	60,523	116,223	784	33.0	1,764	128,100	359,932				
Jordan	3,356	1,005			2,972						
Pakistan	441,457	16,971	13,413	272.0	20,283	56,642	1,826,832	3,52			
Syrian Arab Republic	16,584	4,180	256		676						
Turkey	168,246	19,027	561			8,596	1,117,290	6,833			14,607
United Arab Republic (Egypt)	348,152	47,308	905		76,728	9,907	723,398	12,157	25		16,314
Far East-Pacific (total)	265,435	65,638	72,979	4,966.6	172,297	432,780	435,758		2	880	15,041
Burma	13,211		28,671	280.9	3,798	10,917	99				880
Indonesia	30,979	11,094	2,124	1,013.9	31,291						
Japan	126,702	47,180	3,030	1,936.7	9,791						
Korea											
Philippines											
Ryukyu Islands											
Taiwan	654	412	1,017	5.0	4,409	15,324	4,663		2		
Thailand	64,737	2,622		745.4	1,420						
Vietnam	29,152	2,362	33,907	445.9	30,103	4,568	261,773				
Latin America (total)	428,877	32,742	3,829	394.0	22,885	35,862	722,332		171		10
Argentina											
Bolivia	19,692		60	43.4							
Brazil	299,259		61								
Chile	40,242	4,577									
Colombia	21,834	2,165		220.6	7,019	5,737	87,305				171
Dominican Republic	243	394	1,903	71.5	2,024	1,668	181,575				
Ecuador	3,006		110	7.1	706		125,695				
					4,962		50,817				

QUANTITIES OF COMMODITIES PROGRAMED UNDER AGREEMENTS SIGNED JULY 1, 1954, THROUGH DEC. 31, 1967 (BY COUNTRY OF DESTINATION)—Continued

QUANTITIES OF COMMODITIES PROGRAMED UNDER AGREEMENTS SIGNED IN CALENDAR YEAR 1967 (BY COUNTRY OF DESTINATION)

Area and country	Wheat (1,000 bushels)	Feed grains (1,000 bushels)	Rice (1,000 hundred- weights)	Cotton (1,000 bales)	Tobacco (1,000 pounds)	Dairy products (1,000 pounds)	Fats and oils (1,000 pounds)
Europe (total).....	186				745		
Iceland.....	186				745		
Africa (total).....	22,554	10,871	854	112.2	9,589		182,541
Congo.....	2,315		330	49.0	7,275		
Ghana.....	503		440	15.0	1,874		29,321
Guinea.....	553			9.2			11,023
Liberia.....			84				
Morocco.....	11,463			30.0			26,456
Sudan.....		7,874			440		
Tunisia.....	7,720	2,997		9.0			115,741
Near East-South Asia (total).....	291,352	87,110		50.0	4,221	8,994	945,782
Afghanistan.....	1,470						8,818
Ceylon.....	4,026	236					
India.....	228,726	69,978		30.0			412,263
Iran.....							19,639
Israel.....		16,996			253		33,069
Pakistan.....	57,130			20.0	3,968	8,994	473,995
Far East-Pacific (total).....	10,844	3,264	20,064	480.0	11,684	4,100	116,845
Indonesia.....	1,008		2,204				
Korea.....	6,816	902		280.0			63,934
Taiwan.....				200.0	11,684		52,911
Vietnam.....	3,020	2,362	17,860			4,100	
Latin America (total).....	35,640	984		90.0	1,323	6,614	46,737
Brazil.....	18,371						
Chile.....	4,409	984		90.0	1,323	6,614	33,069
Guatemala.....							13,668
Paraguay.....		12,860					
Grand total.....	360,576	102,229	20,918	732.2	29,562	219,708	31,291,905

<sup>1</sup> Includes the following:

Corn.....		11,680
Grain sorghums.....		89,126
Barley.....		1,423

Total.....

102,229

<sup>2</sup> Nonfat dry milk.

<sup>3</sup> Includes the following:

Tallow.....		396,830
Cottonseed/syobean oil.....		895,095

Total.....

1,291,905

USES OF FOREIGN CURRENCY AS PROVIDED IN AGREEMENTS SIGNED JULY 1, 1954,  
THROUGH DECEMBER 31, 1967 (BY COUNTRY)<sup>1</sup>  
[In thousand dollar equivalents]

Area and country	Total amount in agreements	104(c)—Common defense	104(e)—Loans to private enterprise	104(f)—Loans to foreign governments	104(f)—Grants to Economic Development	104(h)—Grants for family welfare	104(g)—Purchase of goods or services for friendly nations	U.S. uses <sup>2</sup>
Europe (total)-----	1,963,693	9,910	13,990	780,859	187,775	-----	-----	971,159
Australia-----	40,075	-----	-----	25,452	-----	-----	-----	14,643
Finland-----	42,976	-----	3,889	24,131	-----	-----	-----	14,956
France-----	35,679	-----	6,454	-----	-----	-----	-----	29,243
Germany-----	1,200	-----	-----	-----	-----	-----	-----	1,200
Iceland-----	16,295	-----	-----	12,266	198	-----	-----	3,831
Italy-----	144,194	-----	3,647	92,368	-----	-----	-----	48,179
Netherlands-----	254	-----	-----	-----	-----	-----	-----	254
Poland-----	519,534	-----	-----	-----	-----	-----	-----	519,534
Portugal-----	7,082	-----	-----	3,400	-----	-----	-----	3,682
Spain-----	488,028	9,910	-----	239,510	-----	-----	-----	240,608
United Kingdom-----	48,540	-----	-----	-----	-----	-----	-----	48,540
Yugoslavia-----	617,978	-----	-----	385,732	187,577	-----	-----	46,489
Africa (total)-----	329,058	3,896	25,369	184,940	48,555	208	-----	66,090
Congo-----	85,021	3,896	2,913	30,155	37,084	-----	-----	10,973
Ethiopia-----	843	-----	-----	464	-----	-----	-----	379
Ghana-----	17,680	-----	1,533	12,238	-----	-----	-----	3,909
Guinea-----	30,742	-----	1,200	20,164	-----	-----	-----	9,378
Ivory Coast-----	3,126	-----	469	1,563	-----	-----	-----	1,094
Mali-----	580	-----	-----	377	-----	-----	-----	203
Morocco-----	63,951	-----	6,339	43,012	-----	-----	-----	14,600
Senegal-----	3,292	-----	-----	1,646	-----	-----	-----	1,646
Sudan-----	37,896	-----	3,107	20,485	4,320	-----	-----	9,984
Tunisia-----	85,927	-----	9,808	54,836	7,151	208	-----	13,924
Near East and South Asia (total)-----	6,994,397	204,935	469,650	3,782,656	1,411,649	18,350	104	1,107,053
Afghanistan-----	994	-----	-----	646	-----	-----	-----	348
Ceylon-----	31,492	-----	454	13,492	4,903	-----	104	12,539
Cyprus-----	2,096	-----	210	1,048	-----	-----	-----	838
Greece-----	127,822	11,334	17,556	54,266	-----	-----	-----	44,666
India-----	3,816,764	-----	274,995	2,293,799	696,936	13,500	-----	537,534
Iran-----	61,083	10,463	3,956	26,095	-----	-----	-----	20,569
Israel-----	334,223	-----	39,669	212,832	31,405	-----	-----	50,317
Jordan-----	5,900	-----	-----	3,682	-----	-----	-----	2,218
Pakistan-----	1,292,161	79,260	53,265	420,605	640,266	4,850	-----	93,915
Syrian Arab Republic-----	34,900	-----	-----	20,394	-----	-----	-----	14,506
Turkey-----	487,922	103,878	62,377	167,904	2,222	-----	-----	151,541
United Arab Republic (Egypt)-----	799,040	-----	17,168	567,893	35,917	-----	-----	178,062
Far East-Pacific (total)-----	1,878,529	1,035,720	37,950	313,746	18,750	-----	-----	446,999
Burma-----	45,849	-----	-----	17,950	7,387	-----	-----	20,512
China-----	238,814	106,788	13,098	33,260	-----	-----	18,750	66,918
Indonesia-----	291,902	30,542	5,456	141,589	14,459	-----	-----	99,856
Japan-----	146,277	17,192	-----	105,538	600	-----	-----	22,947
Korea-----	585,279	486,519	7,391	-----	-----	-----	-----	91,369
Philippines-----	53,237	9,370	6,593	13,730	2,918	-----	-----	20,626
Thailand-----	4,303	-----	-----	1,679	-----	-----	-----	2,624
Vietnam-----	512,868	385,309	5,412	-----	-----	-----	-----	122,147
Latin America (total)-----	851,264	-----	39,168	506,226	114,850	-----	-----	191,020
Argentina-----	30,525	-----	-----	18,199	-----	-----	-----	12,326
Bolivia-----	37,101	-----	2,410	26,147	-----	-----	-----	8,544
Brazil-----	503,442	-----	-----	301,127	111,376	-----	-----	90,939
Chile-----	85,201	-----	3,299	59,923	-----	-----	-----	21,979
Colombia-----	66,222	-----	10,505	37,646	-----	-----	-----	18,071
Ecuador-----	11,527	-----	1,200	7,230	-----	-----	-----	3,097
Mexico-----	25,185	-----	6,762	10,833	-----	-----	-----	7,590
Paraguay-----	15,961	-----	1,755	7,154	3,316	-----	-----	3,736
Peru-----	39,949	-----	4,380	23,026	158	-----	-----	12,385
Uruguay-----	36,151	-----	8,857	14,941	-----	-----	-----	12,353
Grand total-----	12,016,941	1,254,461	586,127	5,568,427	1,788,193	18,558	18,854	2,782,321
Percent of total-----	100	10.4	4.9	46.3	14.9	0.1	0.2	23.2

<sup>1</sup> Many agreements provide for the various currency uses in terms of percentages of the amount of local currency accruing pursuant to sales made under each agreement. In such cases amounts included in this table for each use are determined by applying the specified percentages to the total dollar amount provided in each agreement. Amounts shown are subject to adjustment when actual commodity purchases and currency allocations have been made.

<sup>2</sup> Agreements provide that specific percentages of foreign currency proceeds be reserved for payment of U.S. obligations (including obligations entered into pursuant to legislation other than Public Law 480). The combined total shown here includes obligations where applicable under subsections 104 (a), (b), (d), (i), and (j).

USES OF FOREIGN CURRENCY AS PROVIDED IN AGREEMENTS SIGNED IN CALENDAR YEAR 1967  
 (BY COUNTRY)<sup>1</sup>

[In thousand dollar equivalents]

Area and country	Total amount in agreements	104(c)—Common defense	104(e)—Loans to private enterprise	104(f)—Loans to foreign governments	104(f)—Grants to economic development	104(h)—Grants for family welfare	104(g)—purchase of goods or services for friendly nations	U.S. uses <sup>2</sup>
Africa (total)-----	60,538 -----		5,992	43,476 -----		208 -----		10,862
Ghana-----	10,220 -----		1,533	6,643 -----				2,044
Morocco-----	18,100 -----		1,810	12,670 -----				3,620
Sudan-----	11,450 -----		572	8,588 -----				2,290
Tunisia-----	20,768 -----		2,077	15,575 -----		208 -----		2,908
Near East and South Asia (total)-----	622,400 -----		32,376	465,900	53,636	18,350 -----		52,138
India-----	458,900 -----		22,945	369,543	16,200	13,500 -----		36,712
Israel-----	13,800 -----		690	9,660 -----				3,450
Pakistan-----	149,700 -----		8,741	86,697 -----	37,436	4,850 -----		11,976
Far East-Pacific (total)-----	229,080	110,741	2,843 -----				18,750	96,746
China-----	37,500 -----						18,750	18,750
Korea-----	47,380 -----	35,061	2,843 -----					9,476
Vietnam-----	144,200 -----	75,680						68,520
Grand total-----	912,018	110,741	41,211	509,376	53,636	18,558	18,750	159,746
Percent of total-----	100	12.2	4.5	55.9	5.9	2	2	17.5

<sup>1</sup> Many agreements provide for the various currency uses in terms of percentages of the amount of local currency accruing pursuant to sales made under each agreement. In such cases, amounts included in this table for each use are determined by applying the specified percentages to the total dollar amount provided in each agreement. Amounts shown are subject to adjustment when actual commodity purchases and currency allocations have been made.

<sup>2</sup> Agreements provide that specific percentages of foreign currency proceeds be reserved for payment of U.S. obligations (including obligations entered into pursuant to legislation other than Public Law 480). The combined total shown here include obligations, where applicable, under subsections 104 (a), (b), (d), (i), and (j).

TITLE II, PUBLIC LAW 480, GOVERNMENT TO GOVERNMENT AND WORLD FOOD PROGRAM—  
VALUE OF COMMODITIES BY AREA AND COUNTRY, JULY 1, 1954, THROUGH DEC. 31, 1967  
[In thousands of dollars]

Area and country	Total	Ocean transport-commodities <sup>2</sup>	Total	Commodities				Rice	Raw cotton
				Bread grains	Coarse grains	Fats and oils <sup>3</sup>	Dry beans		
<b>Europe (total)</b>									
Austria	189,986	4,809	185,177	82,806	35,226	14,818	1,592	41,564	730
Czechoslovakia	28,145	2,455	25,630	149	25,530	1,995	—	11	8,441
Germany, Federal Republic of	1,995	—	1,995	—	—	—	—	—	—
Germany, Soviet occupied	3,365	—	3,365	236	686	911	—	367	—
Hungary	758	—	758	236	380	81	—	—	171
Italy	13,210	562	12,648	4,043	1,907	2,088	437	3,759	61
Spain	91,546	1,637	89,909	32,708	4,728	10,306	1,155	37,326	414
Yugoslavia	3,761	—	3,761	—	—	—	—	—	3,686
	47,206	155	47,051	45,434	—	—	—	—	3,761
<b>Africa (total)</b>									
Algeria	504,033	64,007	440,026	329,025	68,426	18,701	930	16,022	6,922
Burundi	83,870	9,810	74,060	59,903	34	58	12,259	461	1,437
Central African Republic	263	101	162	100	83	—	41	—	29
Chad	541	221	320	98	—	—	3	—	36
Congo	125	50	75	7	65	1	—	—	—
Dahomey	16,277	2,475	13,802	5,389	1,027	565	143	—	2
Ethiopia	1,308	254	1,054	362	304	—	—	4,279	2,399
Ghana	15,124	4,106	11,018	4,949	6,069	—	—	44	344
Guinea	605	—	605	—	605	—	—	—	—
Kenya	1,763	168	1,595	346	18	—	—	—	—
Liberia	13,029	2,041	10,988	92	7,713	1,004	17,	2,162	1,231
Libya	27,457	2,336	25,121	16,890	8,231	—	—	—	—
Madagascar Republic	29	3	26	—	—	—	—	—	26
Mali	3,256	1,165	2,031	—	2,091	—	—	—	—
Mauritania	105	19	86	17	13	—	—	—	—
Morocco	138,707	16,770	121,937	109,849	10,708	265	70	192	808
Niger	1,546	665	881	23	615	92	—	—	—
Rwanda-Urundi	2,005	700	1,305	700	—	—	1	55	55
Senegal	2,619	1,275	1,344	423	—	—	70	151	514
Somali Republic	4,470	880	3,590	—	3,590	—	—	—	—
Sudan	6,527	1,797	4,730	489	4,089	152	—	—	—
Tanzania	13,775	2,180	11,595	138	10,358	60	35	—	9
Togo	1,202	300	902	—	662	221	19	—	1,004
Tunisia	166,445	15,584	150,861	129,271	9,942	3,300	181	6,053	2,114
Uganda	360	56	304	—	304	—	—	—	—
Upper Volta	2,615	1,040	1,565	—	1,565	—	—	—	—

Near East and South Asia (total)	627,265	104,903	522,362	405,428	53,589	22,245	105	13,684	22,656	4,474
Afghanistan	114,057	23,429	90,628	87,358	3,270	-	-	-	-	-
Ceylon	9,289	1,123	8,166	4,821	-	-	-	-	-	3,345
Cyprus	14,853	1,595	13,258	12,357	901	-	-	-	-	-
Greece	3,526	249	3,277	3,277	-	-	-	-	-	-
India	44,962	9,182	35,780	14,849	7,557	2,556	-	-	7,152	3,666
Iran	31,258	5,882	25,376	19,018	5,587	660	-	-	111	-
Iraq	4,968	1,210	3,758	3,373	258	89	-	-	38	-
Jordan	825	100	725	25	362	-	-	-	338	-
Lebanon	55,816	7,621	48,195	40,860	7,335	-	-	-	-	-
Nepal	16,795	1,282	15,513	14,750	763	-	-	-	-	-
Pakistan	5,192	962	4,230	4,042	73	49	-	17	49	-
Syrian Arab Republic	101,322	10,860	90,462	59,358	2,887	6,754	-	2,308	-	14,681
Turkey	27,417	4,867	22,550	18,082	4,468	-	-	-	-	4,474
United Arab Republic	25,027	1,500	23,527	16,077	-	3,542	-	3,867	-	41
UNRWA (Palestine refugees)	24,348	3,600	20,748	-	20,748	-	-	-	-	-
Yemen	137,550	29,750	107,800	98,813	-	-	-	-	-	923
Far East and Pacific (total)	404,026	69,692	334,334	204,750	51,565	29,445	969	25,664	5,248	13,305
Cambodia	2,343	-	2,343	-	-	-	-	-	-	3,388
China, Republic of	32,388	4,406	28,082	20,109	-	3,151	-	-	-	-
Hong Kong	3,857	616	3,241	-	2,400	-	-	3,077	-	-
Indonesia	658	220	438	59	-	-	-	-	-	297
Japan	36,992	35	36,957	28,946	-	-	-	-	-	55
Korea	179,226	29,443	149,783	123,695	13,702	558	-	-	-	-
Lao	2,725	658	2,067	401	485	137	-	-	-	-
Philippines	6,123	1,334	4,789	808	2,412	1,528	-	-	-	-
Ryukyu Islands	8,349	955	7,394	-	606	-	-	-	-	-
Vietnam	131,265	32,025	99,240	30,732	31,689	23,968	969	5,609	5,152	6,788
Latin America (total)	183,657	26,254	157,403	38,544	28,836	16,675	3,932	61,875	173	4,840
Bolivia	19,036	532	18,504	10,885	2	1,443	14	-	-	-
Brazil	97,941	17,109	80,832	14,739	13,054	9,182	-	-	-	-
British Guiana	1,071	130	941	177	53	48	-	-	-	-
British Honduras	273	-	273	22	25	106	46	-	-	30
Chile	7,233	-	886	6,347	348	53	193	-	-	-
Colombia	11	1	10	4	1	3	-	-	-	-
Dominican Republic	4,127	636	3,491	-	1,065	926	51	-	-	56
Ecuador	5,716	1,124	4,592	939	1,626	676	445	-	-	-
El Salvador	785	96	689	260	237	109	-	-	-	-
Guatemala	965	227	728	258	95	169	-	-	-	-
Haiti	3,238	-	3,238	-	3,238	-	-	-	-	-
Honduras	3,476	67	3,409	207	133	180	1,210	-	43	-
Jamaica	534	50	484	102	92	59	70	79	-	1,636
Mexico	2,126	-	418	1,708	235	512	200	-	-	82
Peru	2,942	-	612	2,330	1,092	1,009	56	-	-	173
St. Lucia	33,373	4,154	29,219	9,274	7,060	3,325	167	9,393	-	-
Uruguay	-	30	9	21	-	21	-	560	2	3
		-	203	-	577	-	-	-	-	12
		-	780	-	-	-	-	-	-	3

**TITLE II, PUBLIC LAW 480, GOVERNMENT TO GOVERNMENT AND WORLD FOOD PROGRAM—  
VALUE OF COMMODITIES BY AREA AND COUNTRY, JULY 1, 1954, THROUGH DEC. 31, 1967**

[In thousands of dollars]

Area and country	Total	Ocean-transportation <sup>3</sup>	Total commodities	Bread grains	Coarse grains	Fats and oils <sup>3</sup>	Dry beans	Milk and milk products	Blended food	Rice	Raw cotton
				World food program (total)	170,296	27,917	142,379	61,043	47,635	12,873	20,828
Afghanistan	4,139	790	3,349	2,285	9,752	78	723	889	341	341	790
Algeria	12,591	1,160	11,431	9,752	78	78	723	889	341	341	790
Barbados	159	20	139	78	78	78	723	889	341	341	790
Botswana (Bechuanaland)	16,632	3,251	13,381	1,211	1,211	7,820	1,959	1,230	3,602	3,602	61
Bolivia	1,679	208	1,471	3,226	629	617	495	495	30	30	30
Brazil	3,901	675	3,226	1,171	148	617	188	188	1,485	1,485	158
Burundi	1,391	220	1,171	148	617	617	188	188	158	158	158
Cambodia	135	44	44	91	91	91	91	91	91	91	91
Central African Republic	229	50	179	129	129	129	50	50	50	50	50
Chad	2,380	260	2,120	2,120	2,120	2,120	260	260	260	260	260
Chile	1,917	106	1,811	474	1,095	1,095	187	187	55	55	55
China, Republic of	4,472	852	3,620	2,849	534	534	237	237	237	237	237
Colombia	4,359	615	3,744	854	1,057	1,057	550	550	1,233	1,233	1,233
Congo (Brazzaville)	278	47	231	112	31	31	65	65	23	23	23
Costa Rica	866	135	731	393	60	60	147	147	131	131	131
Cyprus	1,112	37	175	175	175	175	742	742	742	742	742
Ecuador	625	110	515	145	214	214	58	58	58	58	58
Gabon	193	40	153	114	114	114	39	39	39	39	39
Ghana	3,359	614	2,745	72	2,255	2,255	418	418	418	418	418
Greece	195	25	170	70	100	100	98	98	98	98	98
Guinea	249	22	227	168	21	21	38	38	38	38	38
India	44,683	7,643	37,040	11,888	17,277	17,277	7,815	7,815	7,815	7,815	7,815
Indonesia	2,324	506	1,818	1,431	1,431	1,431	268	268	268	268	268
Iran	281	65	216	216	216	216	47	47	47	47	47
Iraq	1,078	172	906	724	28	28	47	47	47	47	47
Jamaica	539	62	477	115	115	115	123	123	123	123	123
Jordan	3,385	346	3,039	1,473	1,038	1,038	418	418	418	418	418
Korea	4,550	998	3,552	3,501	51	51	110	110	110	110	110
Laos	12	83	38	24	14	14	7	7	7	7	7

Lebanon	2,804	478	2,326	2,182	45	45	54
Lesotho (Basutoland)	1,319	200	1,119	--	173	305	641
Malawi	118	16	102	14	56	32	
Mali	846	103	743	24	606	113	
Malta	785	260	525	--	525		
Mauritania	440	82	358	243	6	109	
Mauritius	724	240	484	--	484		
Morocco	5,213	608	4,605	3,589	436	309	271
Nepal	222	70	152	152			
Paraguay	104	20	84	40	13	31	
Peru	2,631	479	2,152	888	754	278	232
Philippines	986	38	948	95	824	9	20
Rwanda	118	20	98	--	20	78	
Sarawak	32	7	25	--	25		
Senegal	667	72	595	--	566		29
Sudan	2,497	300	2,197	1,436	535	111	115
Surinam	117	21	96	63	33		
Syria	8,780	1,797	6,983	3,362	1,939	843	839
Tanzania	1,686	326	1,360	250	745	233	142
Thailand	177	14	163	119	44		
Togo	389	84	305	--	178	61	66
Trinidad and Tobago	176	12	164	119	4	23	18
Tunisia	3,629	265	3,364	676	2,150	166	372
Turkey	10,323	1,623	8,700	6,063	605	1,375	657
Uganda	1,022	150	872	--	475	149	248
United Arab Republic	5,362	905	4,457	2,070	1,221	901	265
Upper Volta	838	225	613	128	371	66	48
Vietnam	138	25	113	81	32		
Zambia	145	22	123	20	51	34	18
Christmas holiday American voluntary relief agencies and international organizations (Total)	16,688	--	16,688	2,306	--	5,973	1,005
Total	91554	--	9,554	--	--	9,554	--
Ocean freight:							
Title II foreign donations	52,105,505	297,582	1,807,923	1,123,902	285,277	120,730	8,534
Purchase title I currencies	460,251	460,251	--	--	--	--	--
Grand total (CCC cost)	52,569,454	761,531	1,807,923	--	--	--	--
Total, title II Government to Government and WFP (estimated market value)	6 1,372,644	297,582	1,075,062	573,190	196,841	98,999	6,571
	2	460,251	3,698	3,698		150,990	5,188
						30,990	12,293

<sup>1</sup> Transfer authorizations issued at CCC cost and ocean transportation financed under title II  
<sup>2</sup> Public Law 480.  
<sup>2</sup> Includes transportation to point of entry for landlocked countries.

<sup>3</sup> Includes butter and butter oil.  
<sup>4</sup> 385,000 meters of cotton cloth.  
<sup>5</sup> Excludes approximately \$22,000,000 ocean freight for fiscal years 1955 and 1956 financed under the Mutual Security Act.  
<sup>6</sup> Calculated on the ratio of current market prices to CCC cost.

## VALUE OF COMMODITY GROUPS UNDER TRANSFER AUTHORIZATIONS ISSUED, CALENDAR YEAR 1967 (BY COUNTRY)

[In thousands of dollars]<sup>1</sup>

	Total	Ocean trans- portation and other costs <sup>2</sup>	Total commodities	Bread grains	Coarse grains	Fats and oils	Dry beans	Milk and milk products	Blended food	Other
<b>Government to government:</b>										
Africa (total)	27,770	4,900	22,870	20,901	981	422				566
Mali	760	250	510		510					
Morocco	22,515	3,925	18,590	18,590						
Niger	606	300	306		306					
Tunisia	3,889	425	3,464	2,311	165	422				566
Near East and South Asia (total)	43,832	12,345	31,507	18,620	5,826	4,694				2,367
India	24,786	6,245	18,541	7,792	5,826	2,556				2,367
Iraq	1,216	300	916	653		258				
UNRWA	17,850	5,800	12,050	10,170		1,880				
Far East and Pacific (total)	89,408	17,506	71,902	44,217	10,018	8,979	879	2,411	5,248	150
China, Republic of	3,461	575	2,886	1,637			313		936	5
Indonesia	267	88	179	59	86		29			
Korea	43,356	6,125	37,231	36,404	215		206			
Laos	603	218	385	88	90		57			
Vietnam	41,721	10,500	31,221	6,029	9,627	8,374	879	1,160	5,552	3,150
Latin America (total)	18,127	4,141	13,986	4,838	3,707	2,361		2,907	173	
Brazil	11,987	3,005	8,982	3,926	2,973	1,601				482
Costa Rica	226	26	200	45	11	47				
El Salvador	196	35	161							58
Jamaica	1,545	300	1,245	224	60	200				588
Peru	3,413	575	2,838	643	103	513				1,579
Uruguay	760	200	560							
Total, government to government	179,157	38,892	140,265	88,576	20,532	16,456	879	8,251	5,421	150
World food program: Africa (total)	17,512	2,758	14,754	8,150	3,692	1,427				1,485
Algeria	10,117	1,160	8,957	7,278						
Central African Republic	229	50	179		129					790
Gabon	193	40	153	114						
Ghana	1,926	400	1,526		1,526					39
Lesotho	571	125								208

Mauritania	238	45	193	124	3	66
Mauritius	724	240	484	484		
Morocco	636	200	436	436		
Sudan	762	135	627	521		106
Tanzania	586	145	441	318	53	
Togo	102	25	77	36	16	25
Tunisia	965	85	880	506	154	220
Upper Volta	408	100	308	128	66	48
Zambia	55	8	47	29	29	18
Near East and South Asia (total)	48,101	10,090	38,011	14,322	15,162	2,474
Afghanistan	2,264	475	1,789	1,366	742	
Cyprus	1,112	370	742	2,680	12,637	
India	25,450	5,458	19,992	172	47	4,675
Iraq	356	90	266	1,743	1,259	47
Jordan	2,055	312	1,739	1,640	45	110
Lebanon	2,139	400	1,739	1,52	152	54
Nepal	222	70	5,286	2,860	1,189	
Nepal	6,791	1,505	3,831	3,059	494	743
Syria	4,666	835	2,471	1,134	594	318
Turkey	3,046	575	5,723	4,684	424	
United Arab Republic	7,288	1,565	2,334	1,740	362	253
Far East and Pacific (total)	2,959	625	2,853	2,853	357	237
China, Republic of	3,753	900	2,536	91	424	
Korea	576	40	536	91	5	16
Philippines						
Latin America (total)	2,998	450	2,548	1,301	137	404
Barbados	159	20	139	78		61
Bolivia	376	65	311	220		30
Chile	275	60	215	110	45	30
Colombia	1,380	150	1,230	484	92	478
Costa Rica	664	125	539	349	114	76
Paraguay	104	20	84	40	13	31
Surinam	40	10	30	20	10	
Total world food program	75,899	14,863	61,036	28,457	19,415	4,667
Total	255,056	53,755	201,301	117,033	39,947	21,123
Ocean freight—vol. agency	43,498	43,498			879	16,748
Purchase title (currents)	1,217	1,217				5,421
Grand total (CCC cost)	299,771	98,470	201,301			150
Total (estimated market value)	198,708	53,755	144,983	77,140	29,236	18,413
					795	14,031
						5,188
						150

<sup>1</sup> CCC cost.  
<sup>2</sup> Including transportation to point of entry for landlocked countries.

<sup>3</sup> 385,000 meters of cotton cloth.

## TITLE II, PUBLIC LAW 480, FOREIGN DONATIONS

QUANTITIES AND VALUE OF COMMODITIES SHIPPED FOR FOREIGN RELIEF THROUGH NONPROFIT VOLUNTARY AND INTERGOVERNMENTAL ORGANIZATIONS, CALENDAR YEAR 1967

	Europe (millions of pounds)	Africa (millions of pounds)	Near East and South Asia (millions of pounds)	Far East and Pacific (millions of pounds)	Latin America (millions of pounds)	Total (millions of pounds)	Estimated CCC cost (millions of dollars)
Beans	0.4	5.2	5.1	0.5	19.0	30.2	2.0
Blended food	15.4	10.4	161.2	18.7	66.8	272.5	25.8
Bulgur		24.6	173.3	31.7	51.0	280.6	11.7
Butter					.1	.1	(1)
Corn		2.0		10.8	7.2	20.0	.6
Cornmeal	7.2	96.0	71.7	31.7	92.6	299.2	12.8
Flour	65.9	84.8	143.7	67.2	65.3	426.9	16.6
Grain sorghum	2.6	32.0	22.7			57.3	1.4
Nonfat dry milk	27.2	34.5	85.8	34.2	86.8	268.5	57.2
Oats, rolled	.2	18.7	.8	3.5	11.3	34.5	2.3
Vegetable oil	26.6	41.2	83.3	12.2	70.5	233.8	38.9
Wheat		92.8	93.2			186.0	6.0
Wheat, rolled	1.0	6.6	41.0	2.2	43.6	94.4	4.2
Total	146.5	448.8	881.8	212.7	514.2	2,204.0	179.5
Thousands of metric tons	66.5	203.6	400.0	96.5	233.2	999.8	

NUMBER OF RECIPIENTS IN FISCAL YEAR 1968 VOLUNTARY AGENCY FOREIGN DONATION PROGRAMS APPROVED AS OF DEC. 31 1967

Category	CARE	Catholic Relief Service	Church World Service	UNICEF	Lutheran World Relief	All other agencies	Total
Maternal/child care	2,171,230	3,018,141	198,067	1,283,832	43,800	49,703	764,773
Schools	21,538,403	5,605,804	866,367	276,530	113,050	203,042	28,603,196
Other child feeding	1,099,203	407,454	109,750	10,000	10,000	8,625	1,645,032
Economic development	78,262	701,415	25,200			15,000	820,777
Community development	50,000	1,152,504	580,700		186,900	38,026	2,008,130
Educational development		61,306	5,300		1,800		68,406
Health development	3,700						3,700
Refugees	600	130,332	15,200		27,100	364,225	537,457
Institutions	245,756	1,059,729	166,049		52,950	34,332	1,558,816
Health cases	64,901	1,167,079	58,500	1,520	13,800	17,821	1,323,621
Other <sup>1</sup>	853,745	2,479,805	164,774		88,200	54,855	3,641,379
Total recipients	26,105,800	15,783,569	2,189,907	1,571,882	538,500	785,629	45,975,287

<sup>1</sup> Family individuals and feeding centers.

The CHAIRMAN. At my request of February 20, the Department of State sends me their report on S. 2986, dated March 12, 1968, which I wish placed in the record at this point.

(The letter referred to follows:)

DEPARTMENT OF STATE,  
Washington, March 12, 1968.

Hon. ALLEN J. ELLENDER,  
*Chairman, Committee on Agriculture and Forestry,*  
*U.S. Senate,*  
*Washington, D.C.*

DEAR MR. CHAIRMAN: I refer to your letter of February 20 to Secretary Rusk requesting a report on S. 2986.

S. 2986 proposes to extend PL 480 legislation and gives special attention to solving population problems and broadening U.S. educational and cultural programs in foreign countries. While the Department of State is in general accord with the provisions of the bill, it would like to offer the following observations.

1. The first paragraph of S. 2986 proposes to extend PL 480 for two years. The Department would welcome such an extension but would much prefer that PL 480 be extended for three years. This would complete the authorization requested in 1966 and needed for long-range planning and programming. Experience with the

law since its amendment in 1966 has demonstrated that it is sound and workable. Extending it for three years would provide greater stability in its administration. A three-year extension would also be helpful in orderly implementation of Section 103(b) of the existing law, which provides for a five-year transition period from local currencies to dollars.

2. Section 2 of S. 2986 deals with the serious problem of population expansion. While this section serves to emphasize the importance of the problem, the Department suggests that the programs provided for might be carried out equally well under the existing law without amendment. The Agricultural Trade Development and Assistance Act as it now stands appears to provide ample authority for the use of proceeds of sales under it for all foreseeable kinds of population activities. Furthermore, the wording in the draft bill possibly introduces some inflexibility that could at times be unwanted; i.e. a specific country would be able to insist on using 5 per centum for a population program whereas the resources available might be better used for other purposes (this could be especially true in non-excess local currency countries). Therefore, the Department favors the retention of the existing language.

3. Section 3 of S. 2986 amends section 104(b)(2) of the present Act to change the wording slightly and specifically to authorize the use of foreign currencies for programs other than those carried out under the Mutual Educational and Cultural Exchange Act. The Department believes that the Act as presently worded is sufficiently broad to cover the programs we administer, but other agencies may have a need for more general language. If this is the case, the Department would not object to this change.

The Bureau of the Budget advises that from the standpoint of the Administration's program, there is no objection to the submission of this report.

Sincerely yours,

WILLIAM B. MACOMBER, Jr.,  
*Assistant Secretary for Congressional Relations.*

The CHAIRMAN. As all of us know, the present bill we are asking to be extended has four titles:

Title I provides for sales of agricultural commodities for foreign currencies or for long-term dollar credit. Where sales are for foreign currencies, the currencies may be used for foreign aid and other specified purposes agreed upon between the two governments.

Title II provides for donations only.

Title III provides for barter.

Title IV contains various general provisions, such as definitions of terms and things of that kind.

We have as the first witness today, Senator Mundt.

Senator Mundt, you may proceed.

#### STATEMENT OF HON. KARL E. MUNDT, A U.S. SENATOR FROM THE STATE OF SOUTH DAKOTA

Senator MUNDT. Thank you, Mr. Chairman and my friends on the committee. I will assure you that I will not be longer than my brief statement indicates. I would like to say that we develop a lot of bipartisanship for some aspects of agriculture which this food-for-peace program illustrates as one point that had great popular favor. Some of the language of my bill preceded that one that you introduced by request from the administration is almost in the exact same language, and I assure you that the administration did not read the text of my bill beforehand.

I would like to add one other thing, because the Chairman has been very helpful in connection with managing this legislation and doing the so-called oversight function as each committee of the Congress is supposed to exercise on matters before us.

I have already discussed the aspects of the foreign currency problem as we have met together many times on the Appropriations Committee, and I think that I would look with favor, probably, on some suggestions modifying the bill in some way in order to give the United States greater control over the foreign currencies. I have perfect confidence that that is what the chairman has in mind.

The CHAIRMAN. While you are on that subject, it strikes me that we gave the administration enough authority to exercise that would cover that. The trouble is that they are too hawk-nosed.

Senator MUNDT. We maybe need a little tighter guideline. We have served many years on this committee under the whiplash of our chairman. I know that he will press hard for these corrections, because he is very diligent in supporting the oversight function of the legislative committee, which will be tightened since we passed the Reorganization Act. I understand that the House has approved a version of that and that there is a chance for correction there.

Mr. Chairman, it is just 15 years ago since my late colleague, Senator Francis Case, and I jointly introduced S. 1230, a bill which specifically provided for the sale of farm products to the Republic of Korea for domestic currency. That bill was referred to the Senate Agriculture Committee and became the vehicle for hearings which resulted in legislation which extended the principle of selling agriculture products in 1953 embodied one of a number of ideas and plans which had been discussed on this general idea. A number of the Senators who sponsored that legislation, S. 2475, which was finally approved and signed into Public Law 480, are still in the Senate. Senator Clinton Anderson, Senator James Eastland, Senator Milton Young, Senator George Aiken, and I were all members of the Senate Agriculture Committee and cosponsors of the bill. I am sure that they are as proud of our handiwork as I have been.

This program under Public Law 480 was first called the Agricultural Trade Development Act of 1954. And Senator Anderson, the distinguished member of our Agriculture Committee at that time, a former Secretary of Agriculture, contributed very significantly out of his experience in the direction of utilizing American surplus foods in the manner which, eventually, evolved in the language of the bill that became known as Public Law 480. A number of Senators sponsored that legislation, as previously stated. They participated in tailoring it into largely what is today its present form. We were plowing a new furrow in a new direction. Later on, someone with a good sense of public relations came up with the appealing title of "Food for Peace," which is more fetching and imaginative and, in fact, is very descriptive of the intent and purpose of the original act.

Our distinguished colleague Senator McGovern was for 2 years the Director of the food-for-peace program. I understand indirectly that another public relations concept is being suggested that this now be called the Food for Freedom Act. I happen to prefer food for peace, and I suspect that the rose by any other name would smell as sweet, so long as we continue to do the job, whether it is entitled "Food for Peace" or "Food for Freedom or Trade and Development." All of these concepts certainly are incorporated in the concept of Public Law 480.

We are now at the point where we must consider continuing this program and I am here to urge that this committee favorably report S. 2891 which will extend the President's authority to carry out title I and title II of this act until the end of 1971.

Title I of Public Law 480 is the meat of the legislation, as the chairman has indicated. It provides for the sale of U.S. agricultural commodities to friendly countries with payment to be made in the local currency of the nation receiving the goods. And, as usual, the chairman is far ahead in suggesting that we establish some guidelines. I intend to discuss those a bit. I know that we can trust to the competent and able and persuasive hands of the Senator from Louisiana.

Under this law, these funds are to be kept in the country to which the sale is made and these foreign currencies can be used in a number of ways. These moneys can be used to pay U.S. obligations abroad. They can be used to make grants for economic development or for loans to private enterprise or to foreign governments. They are used in the educational, scientific, and machines needed for mutual defense. And one other important item which we should keep clearly in mind is that these funds can be used to develop markets for U.S. products. I wish to emphasize at this point that I hope and trust that our Government officials who handle the disposition of these foreign currencies keep that objective clearly in mind and give added impetus to the directive in the law to expand our markets abroad.

We may as well be practical and speak bluntly. Public Law 480 not only offers us the opportunities to assist friendly countries who have food production problems, it offers a market for the American farmer who badly needs new outlets and increased prices.

Farmers in our Nation are near a point of crisis. Farm parity is at the lowest point that I have seen it since I have been in Congress. It is steadily worsening. Last year our farmers harvested bountiful crops, exceeded production goals, and ended up with less money in their pockets. Thought should be given to the plight of the producers instead of the steady concentration on the problems of the consumers. The emphasis in our Department of Agriculture should return to increasing net farm income. Unless we make constructive changes and use programs such as Public Law 480 to improve farm income, the farm population will continue to decline, production will drop sharply, and we may well end up with too few producers supplying the consuming public. Farmers are not going to continue to be farmers if their total income does not equal at least the minimum wage scale provided throughout the urban areas. Farmers are not going to be content with the fluttery promises and timid approaches toward solving the Nation's agricultural problems.

Title II of this bill authorizes gifts to needy nations stricken by famine or other disaster from the farm products held in stock by the Commodity Credit Corporation. These agricultural products can be used for economic development in burdened countries, as well as for community development and school lunch programs.

This program finds favor in our country for many reasons, but the most compelling is the fact that this is the type of activity which clutches the heart of our people and stimulates their characteristic charitable impulses. As far back as 1812, our country appropriated money and sent food to disaster areas in South America. We have continued this help where needed, on many occasions since that time.

Mr. Chairman, thank you for the privilege of appearing before my old colleagues on this committee.

The CHAIRMAN. Very well, Senator Mundt.

In the bill that I introduced, because of a trip that I made last November and December to India as well as Pakistan, I put in a provision that not less than 5 percent of the total sales proceeds received each year shall, if requested by the foreign country, be used for voluntary programs to control population growth. I had an idea of making this obligatory. What would be your position on that?

Senator MUNDT. I would feel it would be much better advised, Mr. Chairman, to follow the discretionary policy rather than our trying to impose that on a foreign country as an obligatory restriction which we do not impose on our own people. I think that we stand in much better light to say that: "If this appeals to you, if you think you can use it properly and want it, we will make the 5 percent available."

Personally, I would prefer the voluntary, discretionary language which you have incorporated in the other bill.

The CHAIRMAN. I intended, first, to make it obligatory, for the simple reason that unless those countries do enter into some kind of a program for family planning so as to limit the growth of their populations, why they are hopeless. Particularly is that true in the case of India and some parts of Pakistan.

In addition, although the Government can use, under the law, funds for financing schools abroad, I put in a special provision to emphasize that, and it reads this way:

Finance activities to assist international educational and cultural exchange and to provide for the strengthening of the resources of American schools, colleges, universities, and other public and nonprofit private educational agencies for international studies and research under the programs authorized by title VI of the National Defense Education Act, the Mutual Educational and Cultural Exchange Act of 1961, the International Education Act of 1966, the Higher Education Act of 1965, the Elementary and Secondary Education Act of 1965, the National Education on the Arts and the Humanities Act of 1965, and the Public Broadcasting Act of 1967.

As I interpret the law, all of the things I have mentioned could be done, but I thought that by putting in a special clause and emphasizing it, what ought to be done might be more salutary.

Senator MUNDT. I will agree with the chairman that it is good to highlight all of the parts, all of the abilities that are written into the act, as you know, but by spelling them out and calling attention to them by specific acts. I think that there may be other acts which could be incorporated in this. I think it will have a salutary effect on the Administrator.

The CHAIRMAN. Two years ago, when this bill came up for extension, it was felt by some of us that since the feeding of a country like India posed an international problem, that some effort should be made to extend assistance other than from the United States, because we cannot carry the load alone. And the suggestion that I made was for us to, say, put up 30, 40, or 50 percent of the requirements on condition that other nations would put up the rest of it. The committee, at the time, thought it better to put it in the report. It seems to me that so long as we had these burdensome surpluses on hand that our country would be called upon to furnish more than our share, in my opinion, and, as a matter of fact, many countries take the position that since we have it on hand, why, just go to the United States. And, as a matter of fact

we have become a residual seller of commodities. Most of the countries that are a little short of food will use their dollars and their hard currency to buy in the open market and then assume that the rest of their needs will be put up by the United States, either by way of gift or through the sale of the surplus for their local currency, for credit—on credit terms.

**Senator MUNDT.** As the chairman knows, in our work together on the Appropriations Committee, we have been trying there and elsewhere to try to induce other countries with surplus foods to help us in these humanitarian acts.

I came to this committee this morning from another room in this building where we are discussing that particular problem in writing the new AID bill, and I think that we might just incorporate in that also the concept of getting support from some of our friendly countries.

**The CHAIRMAN.** That is particularly true, in my opinion, in the supply of foods.

**Senator MUNDT.** Yes, sir; but I think that in many instances in the supply of fabricated materials, too, in the supply of tools and the like.

**The CHAIRMAN.** Some of them can go on the open market and buy some of these commodities and donate them.

I thank you very much.

**Senator MUNDT.** Thank you.

**The CHAIRMAN.** Are there any questions?

Mr. Montoya?

**Senator MONTOYA.** I would like to ask Senator Mundt one little question.

**The CHAIRMAN.** Yes, sir.

**Senator MONTOYA.** Senator Mundt, as I read the act and as I gather from your testimony, the original law was passed to help friendly countries. The word "friendly" is emphasized throughout the act in title I. It is emphasized in section 101 and section 103 of title I, and the stated policy has always been that Public Law 480 was intended to serve the needs of friendly countries.

Do you feel that Public Law 480 has been confined to aiding only friendly countries?

**Senator MUNDT.** No; I think there has been deviation. I remember a long series of debates that we had around this committee table in writing the bill, whether it should be "friendly peoples" or "friendly countries"; and there seemed to be a good deal of the same kind of thinking on the part of most of us, but the language you have quoted was finally resolved. I think there has been in the administrative action some misinterpretation of "friendly countries," as I view their activities in the international field and as I see their votes in the United Nations and what their leaders say about the difficulties we have had in Vietnam. I have some doubt about that.

**Senator MONTOYA.** I do not mind going into specifics, Senator Mundt, and knowing of your fight in this particular field and your feelings in the matter, I would like to point out specifically the country of India, which is the biggest recipient of Public Law 480. Since Public Law 480 was started, India has voted against us almost consistently in the United Nations, and on every real trial of true friendship—or test, I should say, India has always sided with the Communist world.

Only recently, with respect to the Israel-United Arab Republic war, India said quite a few things against the United States.

India has also said quite a few things about our involvement in Vietnam.

India has refused to cooperate with the International Commission in trying to create a climate of negotiations for the parties involved.

So, on the record, I would say that India is not a friendly country.

Going to the United Arab Republic, during the last few years Public Law 480 has been used to feed hungry people in Egypt. Because the United States was giving money for food for hungry Egyptians, Egypt was able to buy armaments and keep its internal budget intact. And during all of this time, Egypt blared forth through its radio and its press against the United States, and, certainly, there is no evidence of a friendly atmosphere existing there. Still we persist in renewing Public Law 480 contracts with Egypt.

Laying that as a premise, general as it is, is it the original intention of the law, to help countries that do these things to the United States?

Senator MUNDT. Well, I do not think so. It was written in the language as "friendly." You raise a very difficult problem when you talk about India. Here you have famine which is killing a lot of innocent people, who have no control over their own existence, nor that of their Government as to being friendly or unfriendly in its attitude toward this country.

Traditionally, this country does not supply a friendship test—whatever you call it—to people who are starving. They come to the door, to our homes, the people are hungry, and we feed them. You do that when you have it in your own area, and I think, perhaps, we might be justified in stretching the word "friendly" a little bit further in the case where we have actual famine, where women and children and babies are dying—innocent people; that is, from the general concept which seems to be put into this by various administrators whereby they do not limit it to those kinds of emergency situations as we have put it, but they send it to many. I think it is hard to write it in legislation, but I think we might give some thought, in the committee report which will accompany this legislation, to spelling out a little bit more meticulously and specifically what we have in mind concerning the main thrust, that there should be some recognition, I think, of those who are friendly and who consistently indicate that they are on the side of the free world, and those who simply measure the degree of friendship necessary by the fact that they only slap us in the face and do not stab us in the back. Neither can be very good manifestations of friendship.

Senator MONTOYA. Thank you very much.

The CHAIRMAN. I think that I would rather place this whole proposition, more or less, on humanitarian bases. We do not do anything, otherwise. We do not owe anything to India or Pakistan. That is why we believe that since assistance to such countries is more or less an international obligation, that we should put up a certain portion of it in the hope that others will do the same thing. Is it not so much to help India or other countries that help us as it is from the standpoint of the humanitarian aspect.

Senator MUNDT. I might add, in connection with the earlier colloquy, in answer to you, certainly in the terms we make regulating the funds, that we should be much more strict with the unfriendly countries than with the one that is friendly.

The CHAIRMAN. Are there any further questions?

Senator MUNDT. That is, the humanitarian aspect.

Senator YOUNG. I would like to say that I disagreed with former Secretary of Agriculture Ezra Taft Benson on many of these things that he did, but one of the most commendable things that he did was his sponsorship of Public Law 480. He was one of the strongest sponsors of this legislation, perhaps partly because of his religious background. He was for barter sales and outright gifts to more countries rather than restricting the program. He wanted to expand it. I think the testimony at the time will show that.

The CHAIRMAN. That is true, from the humanitarian standpoint.

Senator YOUNG. Secretary Benson has taken a somewhat different viewpoint now. He now is very closely aligned with the John Birch Society, and he takes a different viewpoint.

Senator McGOVERN. I want to commend Senator Mundt on the emphasis that he places in his statement on the attention that we need to pay to the producers here at home. I quite agree that this program has a strong humanitarian thrust. I think we all know it has been made possible because of the productivity and the efficiency of our producers.

I think the biggest problem with the program right now is that the producer who makes the whole thing possible is not being adequately compensated. We are losing those people off the land all of the time.

I think if we are going to sustain the enthusiasm for this program here at home, to make it continuously possible, we will have to give more attention to the welfare of our people, to the producer.

I want to commend you for the emphasis that you place on this point.

Senator MUNDT. I thank my colleague. I am interested about the importance of a long-term program of this type to pay the producers of our farm products a fair and honest price, because we do not send out medicines and bandages, and the like, and the many other things that we send them, at a cost to those that make them, but in the area of agriculture products we insist that we purchase them at 74 percent of parity. The other things, rightfully so, get, certainly, the cost of the production and presumably a little profit when we send medicines and other things. Somehow, the idea has gotten across that the farmer should subsidize this program to the extent of 20 to 24 percent; that is, the cost of this program, which, obviously, is wrong. Obviously it is unfair, and obviously, it would give us a chance to get a better farm price by getting that concept changed. I am glad that I called special attention to that.

Senator BYRD. As a matter of general policy, leaving out the merits of the program, I think that this is a very meritorious program, but would it not be better to extend the program for 2 years rather than 3 years? Would it not give the Congress the ability to maintain greater control by an extension of 2 years rather than 3 years?

Senator MUNDT. I would have no particular quarrel with that. I

think, as a matter of general policy, that perhaps a 2-year extension is sufficient. I made it 3 years with this thought in mind, that after 2 years we will have a change in membership, and it takes a little time for the new ones to get acquainted with the program. And it will give them a year in which to get a better understanding as to the concept of the legislation and to be able to legislate more knowledgeably. We live and we learn, and we ought to keep making it a good deal better. It is important that we take a look at it occasionally.

The CHAIRMAN. Are there any further questions?

If not, we thank you very much.

Our next witness is Mr. Reuben Johnson.

#### **STATEMENT OF REUBEN L. JOHNSON, DIRECTOR, LEGISLATIVE SERVICES, NATIONAL FARMERS UNION**

Mr. JOHNSON. Mr. Chairman and members of the committee, I am Reuben L. Johnson, director of legislative services, National Farmers Union, 1012 14th Street NW., Washington, D.C.

At the outset of our statement I would like to spell out precisely and as briefly as possible recommendations of Farmers Union in regard to the extension of Public Law 480, program, which President Johnson referred to in his farm message on February 27 as the food-for-freedom program.

1. We support the President's request of Congress to continue the food-for-freedom program for 3 more years, to December 31, 1971.

The President properly emphasized the great contribution that our food-aid program has made in the war against hunger.

2. Farm producers of food and fiber must have the safeguard of an adequate price structure supported by Government where necessary so that farm families who continue to find themselves economically disadvantaged as compared to other sectors of the economy will not be called upon to subsidize foreign policy objectives of our Nation.

These objectives are equally important to every citizen.

3. Our food and fiber should be used under Public Law 480 as an instrument of foreign policy.

We should place emphasis on using food in ways that make a lasting contribution to the ability of needy nations to feed their own population.

4. Foreign currency use under section 104(b)(2) of the act should be extended as provided in section 3 of Chairman Ellender's bill, S. 2986.

We concur fully in that provision.

5. We urge greater use of long-term, low-interest rate loans authorized under title I of the act.

6. Administer the program in ways which will contribute to the development of commercial markets for farm commodities produced in the United States.

We further support the establishment of a national food bank as called for by President Johnson in his farm message on February 27 to create a strategic national reserve of wheat, feed grains, soybeans, and other commodities.

I think that the strategic reserve would complement and make more effective our total Public Law 480 program.

With your permission, Mr. Chairman, I would like to comment further on our concern that no action be taken that will in any way weaken farm programs. It should be economic demand, not the need for food, that farmers should be asked to respond to.

Farmers have a moral concern for the hungry as humanitarism, as you put it, Mr. Chairman. But this concern cannot substitute for fair and adequate prices and income for the portion of their production which goes to feed hungry people under the provisions and terms of Public Law 480. They simply have to be paid for this production as industry is paid for production utilized under other military and economic assistance programs of the Nation.

No one expects factory workers to shoulder the cost, or any portion of the cost of goods and services related to our nonfarm economic assistance; nor should farmers be expected to do so.

In a recent address our National President Tony T. Dechant commented on the question of "What the world food problem means to the farmer." The comments were made in October 1967 at the "Midwest farmers in a hungry world" symposium at Sioux City, Iowa.

I quote:

Agriculture gains every year in terms of farm commodity exports and use of food in international programs. Yet farmers still are forced to settle for income levels that lag far behind other sectors of our fast-moving economy.

I want to briefly explore some reasons why this is so . . . and to review the record of who is making the money now in the agricultural sector.

I think it's appropriate, first, to focus on the big commodity processors who make money on a per-bushel or per-ton basis, and clearly have a vested interest in more farm production and low farm prices.

Where are they when farmers need help on policies proposed to raise farm prices and income? I think you know the answer.

Their lobbyists are in Washington right now (October, 1967) pressing for a bigger feed grains program. They just finished applying the heat to the Administration to get a big increase in cotton production.

And last summer they pushed hard for a bigger wheat allotment.

. . . The Department of Agriculture's recent field hearings show overwhelming farmer sentiment for substantial cuts (wheat and feed grains programs). I think farmers were trying to tell us something.

The conclusion to be drawn is that the world food problem, for processors at least, means bigger profits.

I'm concerned, too, over all the farm magazine ads urging farmers to buy high-priced tractors and new chemical sprayers and expensive fertilizer applicators so they can join in the war on hunger. Machinery is bigger, it costs more, and farmers are constantly pressured to buy it.

Yet with farm machinery prices up 5 per cent this year and estimated farm income down 10 per cent, due in part to overproduction, it does not take much figuring to draw the conclusion that the world food problem, for farm machinery companies, too, means bigger profits.

Then there's the grain trade, and the transportation industry, and others that make money on the basis of volume with little regard to price levels. They, too, want more production.

The conclusion to be drawn from this is that the growing world food problem also means bigger profits for those who store and handle and ship farm commodities.

And, finally, the food chains that retail the food consumed by our growing population also prefer an abundance policy. Low farm prices, more than anything else, have enabled this area of agribusiness to greatly increase its share of this country's \$95 billion food bill while the share left for farmers has declined to less than 40 cents on the dollar.

Research reported by Cornell this week shows food chains this year probably will net just under 11 per cent on their investment. That profit figure, which would be fantastic for a Midwest farmer, was termed alarmingly low by a complaining food industry spokesman.

I have reviewed the role of agribusiness in this way for one purpose—to point up the desperate need for a way to count farmers in on their fair share of the world food program. Farmers need a fair share of the profit made from our growing export volume, expansion of government food programs at home and abroad, and the rising volume of food consumed in our own country.

Companies that deal with farm commodities, as this review shows, aren't going to help raise farm prices and income. The overproduction that breaks the farmer is the abundance that makes money for agribusiness.

I would urge, therefore, that we have more research in farm bargaining, on how to strengthen farm co-ops and expand into new fields, on developing new sources on long-term credit, on farm size efficiency, on the movement of conglomerate nonfarm corporations into farming, on marketing orders and quotas, on livestock and poultry marketing, and on market reporting.

Farmers, as the last major unorganized sector of our economy, need and deserve help in improving their incomes and financial position. I hope the land grant institutions will take the lead in these areas. They would certainly have the enthusiastic support of farmers, most farm organizations . . . and, most important, the statesmen who direct the important war on hunger.

Wheat and feed grain producers are disappointed by the sharp drop in prices in 1967 from those of a year ago. Unfortunately, 1967 grain production in the United States coincided with a near record world wheat crop and record corn crops in competitive export nations. The season average price for wheat will be about \$1.40 per bushel—some 15 cents over the loan, but about 20 cents below last year's season average price. The corn price will average around \$1.07 per bushel—about 17 cents below last year's price.

There is every indication that co-called agribusiness interests understand, as farmers themselves do, that American agriculture has great capacity to produce far more than it does now. For most of the past decade, for example, there have been more than 50 million acres withheld from production through various programs. This is about one-fifth of the total acreage harvested in 1967 and about one-third of the grain acreage harvested that year. Some of the 50 million acres was quickly returned to production in 1967 when it was thought that additional quantity of both wheat and feed grains would be needed. History recorded the results of what too much production of wheat and feed grains will do to price and income and farmers are responding to their lesson in economics by signing up in greater numbers this year in these commodity programs.

A recent Department of Agriculture study indicates that the United States will continue to have excess agricultural capacity through and beyond 1980. We simply have to project intelligently food and fiber needs for domestic use, for commercial export markets, as well as for use under the food-for-freedom program.

These projections must be accompanied by farm program safeguards—especially as related to budget for commodity programs and for the food-for-freedom program—to secure parity prices for all farm production. Farmers should not be expected to continue to subsidize economic assistance programs of our Government as they are doing today.

The CHAIRMAN. Thank you very much, Mr. Johnson.

I appreciate your remarks about prices to the farmers, but I would ask the witnesses to try to confine their remarks as closely as possible to the bills before us, as all of you know, this committee will start hearings on the farm program extension on April 3, and it will run through the 10th of April, and you will have ample opportunity to expose your views, as you did here today, more in detail.

**Mr. JOHNSON.** We intend to, Mr. Chairman, at that time, but I felt it was rather essential at this particular time, with the bills here before the committee, to express the views we have, that we should like for the farmers to be counted in a little bit more than on the income side of the program than they have been in the past. That is the only point I am making here.

**The CHAIRMAN.** To be frank with you, I thought that the act of 1965 would do just that. The reason why the prices of corn and wheat went down last year was because of an enormous crop that was made the world over.

**Mr. JOHNSON.** Yes, sir; that is true.

**The CHAIRMAN.** And the Congress cannot do anything about that. If it had not been for that, if we had grown this and harvested this under normal conditions, it is my judgment that your prices would have been the way they were the year before.

Are there any questions?

**Senator YOUNG.** Mr. Chairman, with reference to wheat, almost 2 years ago now the Department of Agriculture did ask for two 15-percent increases in wheat acreage allotments. This did result in a great increase in acreage and production in spite of the fact that some of the major wheat-producing areas had a smaller than average crop.

**The CHAIRMAN.** I presume that is the reason that was done, because of the conditions at the time.

**Senator YOUNG.** You will remember a year ago last fall, we had this scare program to the effect that there would not be enough wheat to meet our needs and that our people might go hungry. There were predictions that Canadians would not be able to meet their export commitments, and so on. Nothing could have been further from truth, but you could not stop this kind of propaganda. As a result, people got scared, and the Secretary increased the acreage more than he should have.

**The CHAIRMAN.** I think we can go into that in detail when we start the hearings, on the 3rd of April. We are now dealing with the extension of Public Law 480, which is a very simple bill.

As I said, I am glad to hear from the Senators, as well as the witnesses, on the overall farm program, but I hope that they will just shut off the steam until April 3 to 10, then you can blow off as much steam as you desire.

**Mr. JOHNSON.** In closing, I just want to make it clear that we are in support of the bill to extend the bill that is before the committee.

**Senator McGOVERN.** Could I raise just one question?

**The CHAIRMAN,** Yes, sir.

**Senator McGOVERN.** On page 2, Mr. Johnson, you make the statement:

"It should be economic demand, not the need for food, that farmers should be asked to respond to."

I think I know what you mean by that, but that is a statement that, standing alone, states something that you really do not want to say. The need for food should be a part of the legitimate demand upon the farmer; should it not?

**Mr. JOHNSON.** I do not know how you actually separate the two, looking at the sentence here. Farmers go out every year and plant corn in the hope that they are going to be able to make a profit grow-

ing it. I do not believe they will plant corn very long unless they can look forward to making a profit.

Senator McGOVERN. The point that I am trying to make is that there is a legitimate need for food in the world. There is now a malnutrition gap that has not been closed. I think we agreed there was such a gap. Should not that be included in the term "economic demand"?

In other words, need should be translated into economic demand by this program.

Mr. JOHNSON. I think that I tried to make the point that you are making in the next paragraph where I point out that farmers do have a moral concern. There is no question about that.

Most farm families are churchgoing, reverent, decent people, and their approach to life and their daily concern is with this problem. I think there are those who are playing upon these notes in an effort to further their own vested interests at the expense of the farmers, and I think that the farmers are getting concerned about some of these humanitarian materials, the editorials, that they read in city and urban newspapers, where they are not sure that the people who sponsored the editorials really feel this type of thing.

The CHAIRMAN. Are there any further questions?

Senator HOLLAND. I am beginning to get mail, and I imagine it will be much heavier before it is through, protesting very vigorously against the withholding of food materials and even the killing off and burying of young porkers. I am wondering if the agriculture community realizes the tremendous affront that is presented to the public in that kind of practice.

Does your organization support those kinds of things?

Mr. JOHNSON. No, sir. I want to make it very clear that this is not under the sponsorship of the National Farmers Union.

Senator HOLLAND. Do you realize that this kind of thing alienates many good people who, really, would want to be fair to all people and particularly to the farmers who supplied them with food. There is bound to be the same kind of hostility to that, that there was back in the years when pigs were slaughtered and plowed under, many years ago, as you will recall. I hope that your organization will use its influence among its membership to stop that sort of thing. My understanding is that the organization that is sponsoring it is not only killing off the pigs and spilling milk but also is withholding grain and other foodstuffs. Is that your understanding?

Mr. JOHNSON. That is my understanding.

Senator HOLLAND. I just want to say right here and now that I think that is the worst public relations that agriculture could possibly adopt and that it will hurt the farm cause and the farmers' cause more than any other one thing I have heard of in recent years. I am glad that your organization is not supporting this.

Thank you, Mr. Chairman.

The CHAIRMAN. Are there any further questions?

Mr. YOUNG. Mr. Chairman, I am not clear on this. I thought that all of the farm organizations believed in bargaining in some form or another.

The CHAIRMAN. The specific question of the Senator was in regard to the shooting of pigs, as I understand it. It was an instance in Indiana.

**Senator HOLLAND.** The letters I received enclosed copies of pictures. There might be some others. These came from the Associated Press. Some might be from UPI. They showed little pigs laid out and being prepared for burial, and along with a discussion of the withholding of grains and the spilling of milk, and the reaction was terrific from the people who expressed themselves to me, who, admittedly, have been just a few up to this time, but I am sure there will be more. I do remember what happened on the other occasion when, literally, thousands of people expressed great resentment at the destruction of food. You remember that occasion, do you not?

**Mr. JOHNSON.** I recall something of it; yes, sir.

**Senator HOLLAND.** I recall it very keenly. And my own feeling is that it was a bad blow to the cause of sound public relations for farm food producers, and I would hope that the representative organizations, your own, the Farm Bureau, the Council for Cooperatives, and the others that are established organizations, will make their influence felt very strongly against the adoption of that kind of practice, particularly when, as here, as all of us know, hunger is abroad in the world, and that this is giving affront to those who are trying to work hard to help meet some of the hunger needs. People are being asked to help. I heard a request last night—maybe it was the night before—for contributions to—what is the name of the big private organization?

**Senator JORDAN.** CARE?

**Senator HOLLAND.** That is it, CARE. And all efforts of that kind, where the result is that people give their own funds to try to meet the hunger needs the rest of the world, and this is simply giving a tremendous affront to people who are doing things like that, to have this sort of thing like we have been talking about happen—which not only happened but which was discussed in the press and was shown in pictures all over the Nation. I cannot think of anything more unfortunate when agriculture is in the position where it does need the sympathy of the whole Nation and is entitled to have the sympathetic backing of the Congress in trying to meet its problems.

**Senator YOUNG.** If you will yield a minute?

**Senator HOLLAND.** I will be happy to yield.

**Senator YOUNG.** I think what you are talking about depends upon what the price is sometimes. I understand that many individual producers are plowing under old hens now rather than marketing them. They are worth only about 25 cents apiece, and they probably would lose money marketing them, and they do make fair fertilizer. It may be more economical to use them for fertilizer than to haul them to market to get 25 cents apiece for them.

**Senator HOLLAND.** But this incident of the little pigs is here, and it is a recurrence of something that happened, as the Senator remembers, years ago. The withholding of grains may not be so objectionable, because they are stored, but the pouring out of milk, as badly as people need milk to live, and with the Government supporting milk and milk products, the Senator knows that, just as sure as anything, will cause hostile feelings of many people who will not see anything but the pictures in the newspapers and hear the newspaper discussions and radio discussions. I am sorry that any organization would lend itself to that kind of an activity. I believe that the Senator from North Dakota feels the same way.

**Mr. JOHNSON.** Let me say that the leadership of the organization involved does not condone these activities. That explains a part of it.

Let me say, in response to your comment, Senator Young: We feel that the farmers need more bargaining power. We have in support of efforts of Senator Mondale and Senator McGovern and Senator Young, three Members, who have joined in the sponsorship of a bill to provide some procedures for the farmers to legitimately bargain without fear of being prosecuted by the Justice Department for restraint of trade.

And we will be here, Mr. Chairman, in April, to discuss that.

**The CHAIRMAN.** That is on the agenda.

**Senator McGOVERN.** Could I make one brief comment?

**The CHAIRMAN.** Yes.

**Senator McGOVERN.** I appreciate the point that the Senator from Florida has made. I do not think that anyone enjoys food being destroyed. I think there is another side to this thing.

**Senator HOLLAND.** I did not hear you.

**Senator McGOVERN.** There is another aspect to this, and I think that the Senator from Florida will agree. A good many of these farmers are, really, at the point of desperation. They are losing their farms; there are auction sales going on now in my State and I am sure it is true in other States. As badly as we might feel about seeing food destroyed, it is also a matter of grave concern that many of these farmers are being destroyed. They see their farms and their whole livelihood being taken away from them. I think that is why people engage in what amounts to almost desperation tactics of this kind, because their own lives are at stake and the future of their children is at stake. So, there is another side. I do not think we ought to lose sight of the very human side of the economic situation in which these farm producers find themselves.

**Senator HOLLAND.** I recognize that there is much to what the Senator from South Dakota says. You certainly have put your finger on one aspect of the problem. I think you will have to agree with me that the maintenance of good, sound public relations with the general public is of utmost importance to agriculture, and they could not do anything more harmful to that feature than what is shown by these pictures and these articles.

**Senator McGOVERN.** I think sometimes demonstrations of that kind do produce an unfavorable reaction, but one of their purposes is to try to get attention and underscore the seriousness of their situation. It was probably illegal when the people of Massachusetts dumped tea into the harbor, but they made their point, and there is some of that same kind of philosophy in this. These are people who have come to the end of the road, economically, and they are trying to dramatize to the whole country that there is a serious problem that must be faced up to.

**Senator HOLLAND.** I have made my point. I think that agriculture should put itself on record against this, as to the destruction of food, and if it does not it will lose much of the good will sentiment of the people.

**Mr. JOHNSON.** From our point of view, it makes more sense to produce good products, but once produced it is very difficult to try to

handle them in such a way that they do not become a burden on the market.

**Senator YOUNG.** The bill that we are dealing with here today does have a direct relationship to food surpluses. It does get them into useful channels.

**Mr. JOHNSON.** Certainly.

**Senator HOLLAND.** The fact is that the Senator from North Dakota and the Senator from Louisiana and I and others worked out the original Public Law 480, and the amendments also from that time to now, where we sat together in a completely nonpartisan, completely sympathetic attitude to agriculture. Of course, we had to do largely with the using of the surpluses that were on hand. There is no doubt about that; that was the problem then. That has not been the problem in the last 2 years. It may become a problem again now.

I am just calling attention to what seems to me to be an evidence fact, because we know that agriculture is in the minority and is getting more and more so every day, and when people in good conscience, particularly the thousands of people who are financing through private agencies with their own money these food projects for other nations and other people, I think something needs to be checked, and for that reason I have stated this.

**The CHAIRMAN.** Thank you, Mr. Johnson.

Our next witness is Mr. Robert N. Hampton, Director of Marketing and International Trade of the National Council of Farmer Cooperatives.

Please identify yourself for the record, giving your full name.

#### **STATEMENT OF ROBERT N. HAMPTON, DIRECTOR OF MARKETING AND INTERNATIONAL TRADE, NATIONAL COUNCIL OF FARMER COOPERATIVES**

**Mr. HAMPTON.** Mr. Chairman and members of the committee, I am Robert N. Hampton, director of marketing and international trade of the National Council of Farmer Cooperatives. The National Council is a nationwide federation of farm businesses engaged in the marketing of agricultural commodities or the purchasing of farm production supplies, or both, and of 34 State cooperative councils. Our membership includes about 100 regional cooperatives which in turn represent some 5,000 local cooperatives and about 3 million farmer memberships. The organizations making up the council are owned and controlled by farmers as the marketing and purchasing departments of their farm business operations.

The National Council is in support of the extension of the Agricultural Trade Development and Assistance Act of 1954, Public Law 480, as proposed by S. 2986. This act has already made important contributions toward its major purposes of expanding international trade, including export markets for U.S. farm products, and of promoting a constructive U.S. foreign policy aimed at world progress and peace.

Our support for continued food assistance programs which would benefit U.S. agriculture and also be used to encourage world economic growth is expressed in the following current policy statements of the council:

Public Law 480—the National Council of Farmer Cooperatives recommends:

1. That Public Law 480 (Agricultural Trade Development and Assistance Act of 1954) be continued as a mechanism for aiding exports of farm commodities and that sufficient funds be provided to implement effectively the objectives of the act;

2. That expansion of Public Law 480 funds be based upon activities designed to expand long-run commercial sales and to aid sound economic growth of developing foreign countries. Many developing areas of the world today may be important future markets for the U.S. farm products.

#### FOREIGN ECONOMIC AID

The National Council recognizes that many areas of the world have great need for economic development and for the encouragement of a free and competitive enterprise system which we believe will accelerate such development. We also recognize the desirability of both public and private assistance in alleviating suffering and initial encouragement of productivity gains which will permit continuing economic growth through private capital investment.

We urge that in such efforts it be the policy of the United States to encourage maximum self-help within countries and that our major emphasis be in helping the people of such countries to assume increasing responsibility for their own economic progress.

To this end, we support a program of technical assistance designed to promote economic progress. We believe that the major effort of foreign aid programs should be directed toward this goal. Primary emphasis should be given to institutional as well as technological adaptation to existing conditions through development of cooperative and other appropriate private economic activities.

We urge that all U.S. agencies and farmer cooperative interests encourage development of cooperative activity abroad in every appropriate way, as a most desirable way of organizing and financing self-help programs. Maximum efforts should be made in exporting U.S. farmer cooperative know-how, and in some instances, investment capital to foster foreign cooperative development.

The direct increase in U.S. farm exports resulting from Public Law 480 programs, while important both to U.S. farm income and to international assistance efforts, has less long-term significance than other features such as self-help encouragement and market development activities. The requirement that effective self-help measures for increased agricultural output be a condition for Public Law 480 assistance is intended to encourage long-range world food output and healthy economic growth in underdeveloped nations. If this can be successfully implemented, the benefits can be substantial—for world progress and for expanded trade opportunities.

We strongly approve of the emphasis on requirements for self-help actions by recipient nations in order to be eligible for Public Law 480 assistance. This new thrust of the program in 1967-68 has already assisted greatly in focusing world attention on the higher priority needed for agricultural development in much of the world.

It is still early to judge results of self-help agreements launched only a little over a year ago. However, the requirement that at least 20 percent of Public Law 480 local currency funds be used for self-

help is a sound one. There are recent and encouraging signs in several Public Law 480 countries that more effective self-help measures are being taken—from livestock improvement programs in countries such as Morocco to use of new crop varieties, irrigation programs, and strong family planning measures in Pakistan. Population control measures are so vital to world progress that we recommend their specific inclusion as one of the conditions of eligibility for Public Law 480 assistance, in section 109(a) of Public Law 480, as amended. We also favor the proposal of section 2(a) of S. 2986 to provide for use of Public Law 480 funds for voluntary programs to control population growth.

Cooperative action is also one of the most useful means of encouraging self-help, and is being promoted in most developing countries. It serves not only as an institution which encourages vital private incentives but also assists in many other ways which are critical to strong agricultural development—capital formation, educational programs, and the business functions of credit, distribution and management. We recommend also that cooperative development be appropriately and specifically recognized in section 109(a), as the principle of cooperative importance is recognized by the Humphrey amendment of the Foreign Assistance Act.

With your permission, Mr. Chairman, I would like to insert a brief portion of a statement made by Senator Humphrey on the floor of the Senate, September 22, 1964.

May I read this into the record?

The CHAIRMAN. Proceed.

Mr. HAMPTON (reading).

Our cooperatives can be a source for developing new leadership which is a welcome element when older institutions and authorities are replaced by new structures and new loyalties. They are a strong factor in social and national cohesion. They bring people together for constructive purposes and break down isolation and factual hostilities that so often hamper development in new countries. What is extremely significant, too, is that in the emerging countries cooperative development is the means of strengthening the private enterprise economy and many of the emerging countries are aware of this. It is the simplest and most direct means for helping people to gain some positive economic advantages through their own efforts.

Though we recognize that administration of the self-help requirement provisions of this act are difficult and extremely delicate issues in international relations, we urge that continuing efforts be made to insure that desirable self-help plans are actually carried out. Active and vigorous administration, plus frequent review of performance, are needed. More reliable means of measuring the impact of self-help measures on economic progress are also needed, and we encourage study of such need, by both congressional and administrative groups.

The market development programs encouraged by Public Law 480 funds is one of the best means devised for U.S. farm exporters to capitalize on economic growth and broadening markets throughout the world. We are informed that such activities as instore retail promotions have increased sales of U.S. agricultural products by a typical ratio of about \$17 for each dollar expended, and that in trade show promotions this ratio is frequently much higher. Such increases in foreign sales volumes have not been limited to Public Law 480 export products, but have helped a much broader range of American produce.

The benefits of these activities to U.S. farmers and to our balance-of-payments position is apparent.

We urge that these programs be continued and strengthened, particularly in view of increasing competition from other agricultural exporting nations. We note from USDA statistics that such governments as Denmark, Australia, and Israel spend well over 1 percent of farm export values on promotion, compared to a figure of about one-quarter of 1 percent from the United States. (These are based on government plus quasi-government and nonprofit trade organization expenditures.)

In summary, the national council believes that the market development programs under Public Law 480 have contributed and will contribute greatly to stronger markets abroad for American farm products. We recommend that every effort be made to implement the objectives of the "economic growth through self-help" features of the act. Finally, we believe that stronger recognition should be given to the importance of cooperatives and to family planning measures as self-help criteria under Public Law 480.

We appreciate the opportunity to express our views on this important legislation before this committee.

The CHAIRMAN. Thank you for your very fine statement, Mr. Hampton. It was my privilege to visit India and Pakistan. I wish to say that much stress has been put on self-help. And if the attitude of our Government continues as at present, it will go far toward getting these people to produce more foods.

Mr. HAMPTON. We agree completely, Mr. Chairman.

The CHAIRMAN. Are there any questions?

Senator HOLLAND. Mr. Hampton, your organization does not support, does it, the destruction of food animals and the pouring out of milk, and other destructive measures of that kind which is being practiced in certain quarters?

Mr. HAMPTON. No, sir, we do not. While we do appreciate very keenly the desperate situation that Senator McGovern pointed out, that which has given rise to this, we feel that such measures such as back in 1933, I believe it was, have given us the black eye that has been attached to farm programs since that time. We would agree that this is very bad public relations.

Senator HOLLAND. In 1933, the food hunger situation was not proclaimed so greatly as is recognized under this act, Public Law 480—it did not exist, and, if so, it had not been called to our attention, and our people were not trying to alleviate it, so that the situation could easily be worse now if there is any such general destructive policy.

Mr. HAMPTON. I think that is quite possible, sir. There seems to be an extensive antiphony on the part of the people to this kind of an action.

Senator HOLLAND. You recognize, of course, that many, many thousands of people are contributing of their own means to these various private agencies that are sending food throughout the world, religious agencies and others like CARE?

Mr. HAMPTON. That is correct.

Senator HOLLAND. And that these agencies are entirely dependent upon private contributions from private citizens. It gives an unfortunate affront to people of that kind, to see that kind of practice.

Mr. HAMPTON. Yes. I think that even under the isolated instance, it is well out of proportion and it creates a very bad situation. We

certainly require public understanding and sympathy for the plight of the farmers. We see that as a need.

Senator HOLLAND. I hope that your own organization, a highly responsible one, and the Grange, the Farm Bureau, the Farmers Union, and others that are established and recognized and respected will go on record very speedily and clearly and highly publicized against the adoption of such a program and such a practice.

I think it has struck a bad blow at the maintenance of good will of the farmers among many people of the general public.

Mr. HAMPTON. Yes, sir.

Senator HOLLAND. You will bear a big part in this?

Mr. HAMPTON. Yes, sir.

Senator YOUNG. I want to take strong exception to one part of your statement. On page 3 you state that "population control measures are so vital to world progress that we recommend that there should be specific inclusion as one of the conditions of eligibility for Public Law 480 assistance in section 109(a) of Public Law 480, as amended." I think that some population control is highly desirable, but I think that it would be an effront to many religious organizations for the U.S. Government to take the position that any nation receiving our assistance would have to have mandatory population control programs. I think it should be encouraged and some of the funds could be used for this purpose, but it should be on a voluntary basis. I strongly oppose that part of your statement.

Mr. HAMPTON. It is not our intent that there should be a mandatory provision.

Senator YOUNG. Why did you say so, then?

Mr. HAMPTON. My understanding is that these conditions of eligibility are not mandatory requirements but items which can be considered as self-help items for the approval of the Administrator. In other words, it would be one of 10 items listed here, any one or combination of which could be acceptable as self-help criteria. So, in that sense, I do not believe it would be a mandatory requirement. We recognize that we could not take a completely frozen position and make it a mandatory requirement. It is not our intention to have it used in that fashion.

Mr. YOUNG. Thank you.

The CHAIRMAN. This committee discussed that very point 2 years ago and decided to make it a voluntary instead of an obligatory condition. I was the one that proposed that it be made obligatory, because I happen to have traveled abroad and to have seen that in cases like India or Pakistan, unless there is some kind of family planning, more people will be starving. You could not produce enough food to feed them. That is what prompted me to suggest that, but I can see the validity in making this a voluntary proposition. I am very hopeful that we can accomplish our point by making it as one of the conditions, as you state it, of a more or less voluntary basis.

Mr. HAMPTON. Yes. It is our understanding and our agreement that this must be a voluntary measure accepted by that nation, and we would not go to this nation and say: "Before we can give you assistance with Public Law 480 funds or under Public Law 480, you must have population control measures." That would simply be one of a number of items which would serve as conditions of eligibility for this assistance.

I think the evidence is overwhelming that many of these underdeveloped countries are just not going to make it unless they do take strong population control measures, but I realize, too, that this country cannot be dictatorial in its approach to that problem.

The CHAIRMAN. Thank you very much.

We will next call Mr. Fairbanks.

Please identify yourself for the record, give your full name.

**STATEMENT OF LLOYD J. FAIRBANKS, ADMINISTRATIVE ASSISTANT TO THE PRESIDENT AND LEGISLATIVE REPRESENTATIVE, NATIONAL FARMERS ORGANIZATION, CORNING, IOWA**

Mr. FAIRBANKS. Mr. Chairman and members of the committee, I am Lloyd J. Fairbanks, administrative assistant to President Staley and legislative representative for the National Farmers Organization, Corning, Iowa. The National Farmers Organization supports the proposed extension of the food-for-peace program (Public Law 480).

We feel that the use of America's agricultural abundance as "food for peace" is in the best interest of all the citizens of our Nation, the underdeveloped countries, and all other countries in the world. This program has helped strengthen our farm markets and farm income; it has supported economic development; it helped to build new and larger commercial export markets for our farm products; and, it has helped to alleviate and prevent much of the undernourishment, hunger, and starvation in the world.

One-third to one-half of the people around the globe are going to bed hungry every night and many millions more would be if it were not for this program. People with somewhat adequate diets have the desire and energy to do something for themselves. People in countries where there is a minimum of hunger and where they have been able to realize personal possessions are much more peace loving countries than those that do not.

Much has been accomplished along the lines of economic development by countries which have received our shipments of food. We would point to six outstanding examples of countries that once received our shipments of food under Public Law 480 and now are entirely or mainly large cash buyers of our farm products. They are Japan, Italy, Spain, Israel, Taiwan, and South Korea. Through Public Law 480, we gave these countries a helping hand when they needed it. Today they are among our very best commercial customers for a wide range of agricultural commodities.

The outstanding results that I have described come mainly from the earlier features of Public Law 480. Today we have an improved updated version which we are convinced will do even more to help expand international trade, improve our own export business, and support the kind of foreign economic development that will provide additional customers in the future.

Mr. Robert G. Lewis, who testified before the House Committee on Agriculture on Public Law 480 and will testify before this committee tomorrow, has proposed an additional new type of transaction be authorized under title I of Public Law 480. The National Farmers Organization is one of the sponsors of this study. Although Mr. Lewis has not yet completed his study and we have not had the opportunity

to review his conclusions, I can say that we favor the objectives that Mr. Lewis outlined in his testimony. The food that we send to underdeveloped countries under this plan will help them build the roads, bridges, waterworks, schoolhouses, and other improvements they need to become self-sufficient by using the funds in foreign currency our Government holds in the recipient countries.

We urge this committee, which has vast knowledge of the food-for-peace program (Public Law 480) and all other agricultural programs, to study this proposal. If this committee and Congress as a whole conclude that Mr. Lewis' proposal will have that result, then we hope they will see fit to amend the law accordingly.

The National Farmers Organization wishes to stress also, as Mr. Lewis did in his testimony before the House Committee on Agriculture, that food for peace should not be viewed as a substitute for other farm programs. This is merely an extra tool—a tool that shows promise for contributing to the overall task of feeding the hungry and stabilizing and improving the American agricultural economy.

We are confident that farmers will organize and successfully bargain for a price and stability in agriculture. Even with this success through collective bargaining, it is still the responsibility of the entire Nation—not just farmers—to help alleviate hunger throughout the world.

We are dedicated now and in the future to support any legislation that will improve farm income and will be beneficial to the people of our Nation.

We appreciate the opportunity to appear before you and hope that our testimony has been helpful.

**THE CHAIRMAN.** Mr. Fairbanks, since quite a few countries that are in need of food assistance have expressed the belief that this is an international problem, something that all nations able to do so should join in to provide their just share, would you advocate such a proposal?

**Mr. FAIRBANKS.** Yes, I would, sir.

**THE CHAIRMAN.** In other words, it has been my belief that we ought to provide a just share, which might be up to 50 percent, but the countries of the world that are in need depend more or less on us and I do not see how we could keep that up.

**Mr. FAIRBANKS.** This is a world problem.

**The CHAIRMAN.** That is right.

**Mr. FAIRBANKS.** It is not just a U.S. problem.

**The CHAIRMAN.** We will probably want to mention a good deal of that in our report—I hope. I would like to provide some kind of a formula. We could have it in the law, perhaps, but not obligatory—it may be that we will tighten this up a little bit so as to try to get other nations to assist us, but of course our problem of feeding hungry people throughout the world is one that would require the expenditure of millions of dollars. I do not think that the whole burden should be placed upon us or that we should assume it; we might run short sometime.

Section 205 of the act of last year stated:

It is the sense of the Congress that the President should encourage other advanced nations to make increased contributions for the purpose of combatting world hunger and malnutrition, particularly through the expansion of international food and agricultural assistance programs. It is further the sense of the Congress that as a means of achieving this objective, the United States should work for the expansion of United Nations world food programs beyond its presently established goals.

Two years ago, I attempted to make it so that we would agree to furnish a certain percentage of the needs, from 35 to 50 percent, provided other nations did the same thing, so as to make this a problem to be treated by all nations because of its international aspects.

Mr. FAIRBANKS. That would depend upon their ability, of course.

The CHAIRMAN. Of course. You have a lot of countries now that are as able as we to participate. If they do not have the food, at least they could furnish something in order to help the countries develop their own needs. Much of it could be fertilizers and machines and things like that. There is a lot of need for those. I think and believe that would go far toward alleviating problems in many areas of the world where there are tremendous food shortages.

Mr. FAIRBANKS. If those countries do not have the humanitarian feeling that we do, I do not think we should suppress our help because of that.

The CHAIRMAN. I understand that. You know, as I pointed out a while ago, we have had, in the past, huge surpluses dangling over the markets, and it is natural for a nation called upon to participate to say: "Why, we do not have it—go to the United States; they have it." And that is why I am opposed to creating huge surpluses in the country.

Are there any questions?

Senator HOLLAND. I have some.

I defer to Senator Young.

Senator YOUNG. Go ahead.

Senator HOLLAND. Mr. Fairbanks, you heard me question a couple of the witnesses awhile ago about the killing of pigs and the dumping of milk.

Am I correct in my understanding that your organization is the one that put on the program for the dumping milk a year or so ago?

Mr. FAIRBANKS. That came about by an individual opinion out in the area.

Senator HOLLAND. Did your organization sponsor that?

Mr. FAIRBANKS. We did not push it, but it came about spontaneously throughout the area.

Senator HOLLAND. Well, now, my recollection is that the press quoted the president of the organization as encouraging the dumping of the milk. Am I wrong in that?

Mr. FAIRBANKS. Well, I am not aware that our President said that.

Senator HOLLAND. Did your President encourage it?

Mr. FAIRBANKS. He encouraged the farmers to make known the plight they have in agriculture—that is right.

Senator HOLLAND. That was not my question. My question was: Did he encourage it?

Mr. FAIRBANKS. I am not aware of it.

Senator HOLLAND. The dumping of the milk.

Mr. FAIRBANKS. I am not aware that he did.

Senator HOLLAND. He was given credit for it, and so was your organization.

How large is your organization?

Mr. FAIRBANKS. We do not disclose our membership, for bargaining reasons, but we are now organizing in 40 States in the United States, from the Canadian line to the Gulf of Mexico, from the east

coast to the west coast, within all of the major counties in the Middle West.

Senator HOLLAND. You are not free to give us the approximate number of your membership?

Mr. FAIRBANKS. That is right. This was voted on by the delegates at the convention, that we will not disclose our membership, as I said, for bargaining reasons, because if we disclose our strength, the groups that we are dealing with would know where our strength is and where we are weak and strong and then they would exert pressure on us in the weak areas.

Senator YOUNG. Would you yield that at that point?

Senator HOLLAND. Yes.

Senator YOUNG. I know they have at least 12,000 members. That is the number of delegates they had at their annual convention in Louisville.

Senator HOLLAND. I am sure that they profited by the speech from the Senator from North Dakota.

I am sure that he did not advise them to dump their own milk or that of others who did not want to have their milk dumped, as was reported many times by the press as having occurred.

Now, with reference to the killing of the pigs. Did your organization sponsor that?

Mr. FAIRBANKS. No, we are not. We were aware that it was taking place, but this started with a small group in east Indiana, but we do feel that farmers need to emphasize their plight, and, as the Senator from South Dakota brought out, we realize that this is somewhat the same as the Boston Tea Party in the early days, and it was greatly criticized then, but today we view it as an action that did a lot of good. We certainly do not like it.

Senator HOLLAND. It stood us off from Great Britain. Do you want to be stood off from the rest of the country? [Laughter.]

Mr. FAIRBANKS. No. I am sure that this is not true, but we are certainly in the position where we would like to see the farmers get a fair price so that they can produce the products that are needed for this great Nation of ours and other nations that need them so much for humanitarian reasons.

Senator HOLLAND. You saw the two different pictures of the slaughter of the pigs which was in the Washington newspapers?

Mr. FAIRBANKS. I have not. I just arrived in Washington last night.

Senator HOLLAND. Did you see any pictures in the press that you read several days ago?

Mr. FAIRBANKS. This happened only day before yesterday, if I am not mistaken.

Senator HOLLAND. I say, did you see the pictures?

Mr. FAIRBANKS. No sir, I have not. I would like to.

Senator HOLLAND. In the articles that were printed in the Washington papers—and I read them very carefully, the Washington Post and the Evening Star—they had articles and pictures, and they were slightly different pictures. This act was attributed to the local union, the local units of the National Farmers Organization, and, likewise, the spilling of the milk which was produced by dairymen who dumped it as well as milk produced by some of their neighbors, was also attrib-

uted to the National Farmers Organization. Do you not think that that is poor public relations?

Mr. FAIRBANKS. Well, I would say again, that it brings emphasis to our plight. Today, we find accounts receivable of many small businesses in the farming area that are double that of their assets, and we find many elevators today have accounts receivable of \$100,000 to \$200,000. We find fertilizer companies that normally have about 20 percent of accounts receivable at this time of year now have 70 percent accounts receivable. We find farmers who are being pushed off their farms, actually closed out. This is bringing back days somewhat like the thirties, when they were being sold out. And with this happening, farmers are in desperation to do something. If it takes this type of an action to bring emphasis on the fact so that something can be done, so that farmers can get together collectively in collective bargaining and get a price and stability, then I think this does bring out the emphasis that is needed, so that we do think about it.

Senator HOLLAND. You approve it, then, do you?

Mr. FAIRBANKS. To a degree, yes. It brings out the emphasis of the farmers' plight.

Most certainly, we have always offered our production for a price; we have to be in accordance with the laws of our land. It was spelled out in the Capper-Volstead Act under which we are organized, and as soon as they will give us a decent fair price for our commodity, we will offer those commodities for sale. We must, and we will, abide by the laws of our Nation.

Senator HOLLAND. At the time, under the auspices of your organization, dairymen were dumping their own milk and at the same time dumping the milk of others, the Federal Government was supporting the price of milk production, was it not?

Mr. FAIRBANKS. This is true.

Senator HOLLAND. What did you feel as your justification for dumping your own product or that of your neighbors when the Federal Government had already manifested its interest by providing price supports?

Mr. FAIRBANKS. In the first place, the price that was received by the farmer then or is received by the farmers today even with the Government price support is not sufficient to keep the dairyman on the land. In fact, 85 to 90 farmers a week are leaving the farms in Wisconsin and comparable numbers in Michigan and in Minnesota.

Getting back, Senator, to what you said about the National Farmers Organization members. I believe you left this impression that the National Farmers Organization members dumped other neighbors' milk.

Senator HOLLAND. It was so reported many times in the press.

Mr. FAIRBANKS. This was reported, but there has been no conclusive evidence of this. I want to make this clear.

Senator HOLLAND. Well, I just repeat what I have already said two or three times: I think it is most deplorable, and a recognition of the fact that the farm element of our Nation, much as this committee is trying to serve it, is frittering away the best sympathy of the public by doing this kind of thing. I would hope that your organization would turn around and go in the other direction.

**Mr. FAIRBANKS.** We, certainly, do not desire this, Senator. We do not desire to do anything but get fair and equitable prices, and stability, so that we can produce the food that is needed for this Nation and to clothe it as well as we have in the past. We also want to help support those nations that are hungry today.

**Senator HOLLAND.** I am simply telling you that when the world is hungry, and that was not even true in 1933, so far as we then found out. We were not trying to divert our production to other nations. The policy followed then of plowing under crops and killing pigs, and so forth, set agriculture back terribly. You heard what Mr. Hampton said here a moment ago, that it took years getting over it. I am just warning that these policies that you are following now will do much greater harm in my judgment. As a friend of agriculture, and one who has lived in an agriculture community all of his life and has practiced in his chosen profession for agriculture rather than for other things all of his life, I am just telling that I think it is a highly deplorable policy to be following. I hope you will carry that word to your organization.

**Mr. FAIRBANKS.** Thank you, Mr. Chairman.

**The CHAIRMAN.** Are there any further questions?

**Senator YOUNG.** I might just say this: The National Farmers Organization has increased its membership tremendously. I think the major reason for this is that they are fighting for better farm prices, and trying to bring to the attention of the country the plight of the farmers. They are accomplishing that. This is the reason for their big gain in membership. I wish that you would disclose your membership records. I know it is increasing all over the United States. Some of my best farmer friends, liberals and conservatives, are members of it.

**The CHAIRMAN.** Thank you.

**Mr. FAIRBANKS.** Thank you.

**The CHAIRMAN.** All right. Our next witness is Mr. Campbell, accompanied by Mr. Young.

Identify yourself for the record, give your full name.

#### **STATEMENT OF CARL C. CAMPBELL, DIRECTOR OF FOREIGN OPERATIONS, AND J. BANKS YOUNG, WASHINGTON REPRESENTATIVE, NATIONAL COTTON COUNCIL OF AMERICA**

**Mr. CAMPBELL.** Mr. Chairman, my name is Carl C. Campbell. I am the director of foreign operations of the National Cotton Council of America. The membership of the council includes cotton farmers, ginners, warehousemen, seed crushers, merchants, manufacturers, and cooperatives. I am accompanied by J. Banks Young, the Washington representative of the council.

The council has supported the legislation covering the sale of surplus agricultural commodities for local currencies since the inception of the Agricultural Trade Development and Assistance Act of 1954, which is commonly known as Public Law 480, and supported the amendment to the legislation which provides for long-term dollar credit for surplus agricultural commodities.

The Public Law 480 program has moved significant quantities of cotton to countries which did not have sufficient U.S. dollars to purchase their requirements of U.S. cotton. The program definitely has

resulted in expanding U.S. exports of cotton. From July 1, 1954, to June 30, 1967, 9.8 million bales of cotton have been exported for foreign currencies and 984,000 bales for long-term dollar credit. During fiscal year 1967, 578,000 bales were exported for foreign currencies, and 405,000 bales were exported for long-term dollar credit. These exports represented 21 percent of our exports during that year. It is anticipated that the exports under Public Law 480 during the current fiscal year will total approximately the same as during last year, but will represent a greater percentage of our exports since total exports this fiscal year probably will be below our total exports during last year. From these figures, you can understand and appreciate the importance of the Public Law 480 program to our cotton export program.

The present legislation requires that 5 percent of the proceeds of sales for local currencies and loan repayments be set aside for market development work and that 40 percent of this set-aside be eligible for conversion into currencies necessary for market development activities in potential dollar markets. This provision of law has effectively enabled the U.S. Department of Agriculture and cooperating U.S. industry organizations to undertake agricultural market development programs in countries which are, or have the potential of becoming, dollar markets. It is considered that this aspect of the legislation affords American agriculture the only long-term benefits that will accrue to it under the Public Law 480 program. We strongly recommend that the present set-aside and conversion provisions for market development activities be retained in the continuing legislation.

In regard to cotton, Public Law 480 agricultural market development funds have been used by the U.S. cotton industry for promotional programs for cotton in general in Western Europe and Japan. These efforts were carried out in cooperation with the U.S. Department of Agriculture. However, when the newly established International Institute for Cotton, which is an intergovernmental organization, assumed the responsibility for the cotton market developments efforts in Western Europe and Japan as of January 1, 1967, the U.S. cotton industry discontinued its efforts to promote cotton generally in Western Europe and Japan. But, the U.S. cotton industry, in collaboration with the U.S. Department of Agriculture, is continuing to work on behalf of U.S. cotton specifically in Western Europe and Japan, as well as in other countries which are significant importers of cotton. Proceeds from the sales of agricultural commodities under Public Law 480 are used to pay the U.S. assessment to the International Institute for Cotton, and to pay a portion of the costs of the activities carried out abroad by the U.S. cotton industry.

In foreign markets, manmade fibers are the principal competition for U.S. cotton. In fact, from the 1957-58 cotton season to the 1966-67 season, total annual fiber consumption in the foreign free world increased from the equivalent of 29.3 million bales of cotton to 45.8 million bales, an increase of 57 percent. However, most of this increase was taken up by manmade fibers. As a matter of fact, the consumption of cotton increased only 25 percent during this period. If cotton had maintained the percentage of the market in 1966-67 that it held in 1957-58, then consumption of cotton in the foreign free world would have totaled 6.5 million bales more in 1966-67 and U.S.

cotton would have had a significantly greater marketing opportunity. From these illustrations, you can readily understand and appreciate the importance of promoting cotton generally in its competitive battle with manmade fibers. This work will be done in the future largely by the International Institute for Cotton, but, in the future, the U.S. cotton industry will undertake certain activities for cotton generally in certain cases where it appears that such efforts would benefit U.S. cotton exports.

In order for U.S. cotton to gain a fair share of the international market for cotton, it is necessary that some activities be carried out specifically for U.S. cotton in foreign markets. In the future, the Council will concentrate its efforts on activities specifically promoting American cotton in foreign countries in order to increase our marketing opportunities and to expand our exports of cotton. It is hoped that it will be possible for the U.S. cotton industry to continue to use Public Law 480 currencies to promote U.S. cotton specifically in significant foreign markets, since our exports of cotton for dollars will assist materially in correcting our balance-of-payments problem. As an illustration, in fiscal year 1957-58, the value of commercial dollar exports of U.S. cotton totaled \$557 million, whereas in 1966-67, they totaled only \$310 million. In 1967-68, it is anticipated that the value of commercial dollar exports of cotton will total around \$310 million.

Since the Public Law 480 sales for local currencies and the sales for long-term dollar credit significantly expand our exports of U.S. cotton, and since some of the proceeds of the Public Law 480 sales for local currencies help finance cotton's competitive battle with man-made fibers and help finance the promotion of U.S. cotton exports specifically, the Council recommends the extension of this vital program and supports enactment of S. 2986.

Mr. Chairman, I appreciate having the opportunity to present the Council's position on Public Law 480 before your committee, and I will be happy to answer any questions that you or the members of the committee might have about cotton under the Public Law 480 program.

Thank you.

The CHAIRMAN. As far as I am concerned, I will reserve questions for next month when we get into the cotton program. I want you to get ready for it, because this cotton program has not worked as it should. It has been a great disappointment. As I said on the floor of the Senate, you have not decreased the sale price. I assume that the Cotton Council will appear before us next month?

Mr. CAMPBELL. Yes, sir.

The CHAIRMAN. I will not go into details about this now. I realize that the donation or sales for local currencies of cotton has been of great assistance to the farmers, to the producers.

You indicated awhile ago the number of bales. What was it?

Mr. CAMPBELL. 9.8 million were exported through the last fiscal year.

The CHAIRMAN. I have a larger figure than that.

Mr. CAMPBELL. Mr. Chairman, the 9.8-million-bale figure that I cited represents the total bales of cotton that actually were exported

under Public Law 480 for foreign currencies from July 1, 1954, to June 30, 1967.

The CHAIRMAN. The 12,309,000-bale figure that was provided to me by the Department of Agriculture represents the total bales of cotton that were programed under Public Law 480 for both foreign currencies and long-term credit from July 1, 1954, to December 31, 1967. This accounts for the difference in the figures.

Did you want to say something, Mr. Young? This is J. Banks Young.

Mr. YOUNG. I do not think so.

The CHAIRMAN. Any questions?

Senator YOUNG. Have the dollar export sales of cotton increased in the last 2 years?

Mr. CAMPBELL. Not in the past 2 years. Unfortunately, in this current season, because of the shortage of certain qualities of cotton in the United States, our dollar exports have been maybe lower. Our price have gone up for certain qualities that are in short supply. Exports have fallen off in those qualities, because our prices are not competitive. This year, in the case of short-staple cotton, we probably will export more of it relatively than in other seasons, because our price for this type of cotton has been competitive.

Senator YOUNG. One other question: Is there an export subsidy for dollar export sales of cotton similar to that for wheat?

Mr. CAMPBELL. No, sir; there is no direct subsidy program as such, but there are payments to the farmers—

The CHAIRMAN. Those are subsidies.

Mr. CAMPBELL. Yes, sir; but they are not export subsidies as such.

The CHAIRMAN. The mill people felt rather insulted because I made the statement that they were subsidized. Before it was a one-price system, the mills paid just about the support price. Because of the change to the one-price system, it cost the Government in excess of one-half billion dollars. We will get all of that out later.

Mr. YOUNG. May I make one comment to Senator Young's question?

Up until about 4 years ago, we had what we talked about as a relatively high loan—it ran in the neighborhood of 30 cents a pound. Today, we have a low loan, plus payments. The loan is around 20 cents a pound. It is supplemented by the payments to support farm income. So, when we had a 30-cent market price, we did pay an actual export subsidy to get our price competitive abroad, but with the low loan of 20 cents today, the price in this country as well as the price for exports is the same, so that there is no specific export subsidy under the current program. It is true that the farmers do get an income payment. You might relate a part of these payments to the exports and say that part of it was an export subsidy. However, the payments are not related to specific sales abroad.

Senator YOUNG. Thank you.

The CHAIRMAN. All right. Thank you, very much.

Our next witness is Mr. William E. Moran, Jr. Give your name, if you will, and identify yourself for the record.

STATEMENT OF WILLIAM E. MORAN, JR., VICE PRESIDENT,  
INTERNATIONAL ECONOMIC POLICY ASSOCIATION

Mr. MORAN. Mr. Chairman and members of the committee, my name is William E. Moran, Jr., vice president, the International Economic Policy Association.

The International Economic Policy Association represents a group of American international business corporations vitally concerned with the success of our foreign economic policies, in the interest of free world security and prosperity, and in the advancement of the concepts of private ownership of property and private enterprise as the best means toward economic and social development and the raising of the standards of living of all peoples.

The International Economic Policy Association is in full accord with the basic objectives of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480) and the proposal that it should be extended for a 3-year period. We understand these objectives to be the relieving of hunger and malnutrition, the fostering of economic development through food aid, assisting U.S. farmers to market their commodities through both commercial and food aid channels, and a furthering of specific U.S. foreign policy objectives. Public Law 480 has proved itself a vital and flexible instrument in working toward these objectives. At this time, when the United States is suffering from such serious balance-of-payments deficits, this is a most appropriate instrument since it involves a transfer of real resources rather than money. So long as it is managed so as not to interfere with normal marketings, it makes possible the provision of substantial assistance to less-developed countries without an adverse effect on the U.S. balance of payments. For all of these reasons, the association has given, and will continue to give, its full support to this program.

History will surely judge this undertaking not merely as an act of self-interest on the part of the United States, but also as an act of true generosity for the benefit of mankind. The world's judgment today can hardly be different. The food-for-peace program is one of the most effective methods we know for projecting a positive American image in foreign lands.

In his message on agriculture, President Johnson emphasized the urgency of combating hunger and called for the United States to continue to lead the world in the war against hunger. He reiterated the need to shift from foreign currency to dollar sales to improve our balance of payments. We heartily support these objectives. He also noted the need for the cooperation of other nations in meeting this problem. While here we also agree, we cannot help but note the limited extent to which other developed countries have been prepared to share this burden. Despite our willingness to meet nearly half of the costs of a world food program under the United Nations, other countries have not come forward with pledges sufficient to meet the relatively small targets set for that program since its inception in 1962. Unfortunately, most food-surplus countries are intent upon earning all they can and would rather sell for cash to Communist China than provide food to India on concessional terms. Therefore, while the objective of world cooperation is highly desirable, its early attainment is doubtful.

In no other area of human endeavor has there been a better demonstration of America's technical competence, matched in equal measure with generosity, to assist needy countries than in food production and distribution. In no other field has there been a better demonstration of progress under conditions of private ownership and incentives than in agricultural production in the United States. This knowledge we must make available to the rest of the world.

We fully agree with the President in his conclusion that ultimately the world's need for food must be met by self-help measures. There will not long be enough surplus capacity in traditional food exporting countries to meet the needs of a growing world population. We also agree that the channels of private trade should be used to the maximum practicable extent in procuring and handling agricultural commodities for use in this program, as provided in sections 103(a) and 107 of the Food-for-Peace Act of 1966.

The United States has sustained serious balance-of-payments difficulties for many years as a result of the very heavy expenditures in meeting its foreign commitments. Every effort must be made to expand our earnings of hard currencies to reduce these deficits. The program here proposed is not one for the disposal of surplus food. The agricultural commodities supplied under this program will be bought and paid for by the United States to the tune of about \$1.5 billion this year. It is, therefore, important that, to the maximum extent possible, the recipient countries pay in dollars or convertible local currencies within a reasonable period of time.

Section 103(b) of the Food for Freedom Act of 1966 called upon the President to "take steps to assure a progressive transition from sales for local currencies to sales for dollars \* \* \* at a rate whereby the transition can be completed by December 31, 1971." Provision was made that dollar sales should be made on terms not to exceed 20 years with a grace period of not more than 2 years. This same section made provision for sales for convertible local currencies on the same terms as those provided for in section 201 of the Foreign Assistance Act. (The terms of such loans have ordinarily been 40 years with a 10-year grace period.) Provision was also made in section 103(k) of the Food for Peace Act of 1966, requiring where practicable, that 5 percent of the purchase price of any agricultural commodities sold under title I be paid on delivery in dollars or foreign currencies convertible into dollars.

Efforts to meet this requirement have not to date had such success as to indicate any probability that all or most sales will be shifted to dollars by December 31, 1971.

**The CHAIRMAN.** We have the law that gives them the authority to do so.

**Mr. MORAN.** We think so.

**The CHAIRMAN.** As I stated some time ago, we have been a residual supplier of food for people abroad. Many countries spend hard currencies for that which they must buy, and then expect us to give additional food to them or to sell it for their soft currencies. We have now an abundance of foreign currencies which we do not know what to do with.

**Mr. MORAN.** We have set forth tables here which show the sales for the calendar year 1967. Tables I, II, and III show sales made for local

currency, convertible local currency credit agreements, dollar credit agreements, and initial payments on delivery during calendar year 1967. Dollar agreements came to a total of \$139 million and convertible local currency agreements came to \$152 million for a total of \$299 million compared to dollar credit agreements in 1966 of \$311 million, while local currency sales came to \$912 million compared to local currency sales of \$1 billion in 1966. Payments on delivery in dollars or convertible currencies in only one case exceeded the 5-percent figure and no such payments were made in connection with convertible local currency sales. This does not suggest that it has yet been possible so to administer the program as to increase its contribution to the solution of the balance-of-payments problem.

Payments on delivery were minimal. Not only were the total of dollar and convertible currency credit agreements less in 1967 than sales for dollars in 1966, but the convertible local credit agreements, with but one exception, were for 40-year terms and 10-year grace periods. This means that they cannot be expected to make any contribution to the improvement in our balance-of-payments situation at any early date, if at all.

Credits for foreign aid on the softest development loan terms are hardly credits at all. Under such circumstances, sales of commodities take on more the character of grants. After 10, 20, 30 years the disposition, willingness, or ability of most of the countries to repay massive amounts of convertible local currencies for food consumed long ago would be problematical. It is, therefore, hardly realistic to think of convertible local currency sales on such terms as a real way station to commercial sales.

The United States is confronted with an immediate balance-of-payments problem which requires that we secure as much in dollars or hard currency income as we can from every source. This need cannot be satisfied through conversion from local currency sales to convertible local currency sales on a 40-year basis with a 10-year grace period.

Long-term loans of this nature, under which no payment need be made during the first 10 years, provide the recipient with needed commodities without the need for payment in hard currencies. The hard-currency earnings they would have had to use are thus available to them to meet other needs. All too often an important part of such needs is to repay other aid donors who have insisted on hard-credit terms. India is a good example. From 1946 until the end of 1966 we had provided aid to India in the amount of \$6,769 million. One billion five hundred and three million dollars was in the form of grants. Five billion two hundred and sixty-five million dollars was in the form of so-called loans. Over the entire period the total repayment on these loans, interest and principal payments, amounted to \$528 million. While we were thus providing resources to India, other members of the aid-India consortium were acting quite differently. The largest donors were Germany, France, Italy, and Japan. Germany, even with recent softening of loan terms, had an average rate of interest of approximately 4.3 percent and almost half of her loans were for terms of 1 to 16 years. French assistance has been in the form of 10-year loans at interest rates of  $5\frac{1}{4}$  to 6 percent. Italy also provided funds on 10-year terms with interest rates of 6 percent, but did allow a 2-year grace period. Japan has lent funds on 15- to 18-year terms

at 6½ to 6¾ percent interest. The United States is the only major contributor to India which generally provides funds on 40-year terms, including a 10-year grace period, at 2½ percent interest except for the International Development Association, 40 percent of whose funds are provided by the United States.

The Association recommends, therefore, that:

1. The importance of conversion to dollar sales be reiterated and emphasized.

2. The provision in section 103(k) of the Food for Peace Act of 1966, requiring that 5 percent of the purchase price of any agricultural commodity sold under title I be payable on delivery in dollars or currencies which can be converted into dollars, be retained.

**The CHAIRMAN.** When the Secretary of Agriculture comes up on Friday, I expect to go into that in detail, what is provided in these agreements made under the present law.

**Mr. MORAN.** We have those set forth in the tables and the statement, sir, as to exactly what was done for the calendar year 1967.

(Tables I, II, and III follow:)

#### FOOD FOR PEACE

**TABLE I.—CALENDAR YEAR 1967 LOCAL CURRENCY AGREEMENTS FOR SALES OF U.S.  
AGRICULTURAL COMMODITIES**

Country	Date	Market value (millions) <sup>1</sup>	Total CCC cost (millions)	Initial payment (percent)	Uses of foreign currency (in percent)			
					U.S. use	104(e) Cooley loans	104(f) economic development	Other
India	Feb. 20, 1967	\$135,000	\$140.20	0	8	5	2 87	
Ghana	Mar. 3, 1967	5,480	6.80	0	20	15	2 65	
Vietnam	Mar. 13, 1967	47,400	50.10	0	100			
Tunisia	Mar. 17, 1967	10,388	10,833	1.2	20	10	2 70	
Korea	Mar. 25, 1967	47,380	68.20	0	20	6	3 74	
Ghana <sup>4</sup>	Apr. 6, 1967	1,540	1.68	0	20	15	2 65	
Morocco	Apr. 20, 1967	5,630	6.103	3.0	20	10	2 70	
Pakistan	May 11, 1967	32,800	34.20	0	8	5	2 65	6 10
							3 12	
Sudan	June 3, 1967	11,450	11.45	5.0	20	5	2 75	
India	June 24, 1967	87,800	90.10	0	8	5	2 87	
Vietnam <sup>4</sup>	July 26, 1967	2,200		0	100			
Pakistan	Aug. 3, 1967	85,500	87.60	0	8	5	2 57	
							3 30	
Israel	Aug. 4, 1967	13,800	13.80	0	25	5	2 70	
India <sup>4</sup>	Sept. 12, 1967	67,500	67.50	0	8	5	2 87	
Vietnam <sup>4</sup>	Sept. 21, 1967	90,000	90.00	0	20			
Do. <sup>4</sup>	Oct. 24, 1967	4,600	4.60	0	20			6 80
Ghana <sup>4</sup>	Oct. 27, 1967	2,460	2.46	0	20	15	2 65	
Morocco	do.	12,470	12.63	3.0	20	10	2 70	
Tunisia	Nov. 6, 1967	10,380	10.46	2.5	8	10	2 80	6 2
China	Dec. 12, 1967	37,500	37.50	1.0	50			7 50
Ghana <sup>4</sup>	Dec. 18, 1967	0.740	0.74	0	20	15	2 65	
Pakistan	Dec. 26, 1967	31,400	32.10	0	8	9	2 53	
India <sup>4</sup>	Dec. 30, 1967	168,600	172.80	0	8	5	2 87	
Total		912,018	951,856					

<sup>1</sup> Including ocean transportation.

<sup>2</sup> Loans.

<sup>3</sup> Grants.

<sup>4</sup> Amendments or supplements to previous agreements.

<sup>5</sup> 104(h) grants.

<sup>6</sup> 104(c) grants.

<sup>7</sup> 104 (g) grants.

TABLE II.—FOOD FOR PEACE CALENDAR YEAR 1967 CONVERTIBLE LOCAL CURRENCY CREDIT AGREEMENTS FOR SALES OF U.S. AGRICULTURAL COMMODITIES

Country	Date (1967)	Market value <sup>1</sup> (millions)	Total CCC cost (millions)	Initial payment	Terms of payment			
					Grace period	Years	Percent	Final payment
India	Jun. 24	\$24,200	\$27.30	0	10	1	31	2½
Afghanistan	Jul. 19	4,340	4.87	0	10	1	31	2½
Pakistan	Aug. 3	23,400	26.60	0	10	1	31	2½
India <sup>2</sup>	Sep. 12	19,000	21.00	0	10	1	31	2½
Indonesia	Sep. 15	19,500	19.50	0	10	1	31	2½
Guinea	Oct. 18	3,420	3.51	0	6	1	25	2½
Indonesia <sup>2</sup>	Nov. 1	1,300	1.33	0	10	1	31	2½
Do <sup>2</sup>	No. 9	.260	.26	0	-	-	-	-
Do <sup>2</sup>	Nov. 22	1,550	1.75	0	10	2	31	2½
Pakistan	Dec. 26	8,700	8.90	0	10	1	31	2½
India <sup>2</sup>	Dec. 30	46,900	53.90	0	10	2	31	2½
Total		152,570	168.92					

<sup>1</sup> Including ocean transportation.

<sup>2</sup> Supplements or amendments to previous agreements.

Source: Individual agreements in "Treaties and Other International Acts Series."

TABLE III.—CALENDAR YEAR 1967 DOLLAR CREDIT AGREEMENTS FOR SALES OF U.S. AGRICULTURAL COMMODITIES

Country	Date	Market value <sup>1</sup> (millions)	Total CCC cost (millions)	Initial payment	Terms of payment			
					Grace period	Years	Percent	Final payment
Congo	Mar. 15	\$6,050	\$9.33	0	2	1	19	2½
Tunisia	Mar. 17	3,393	3,393	1.2	2	1	19	2½
Congo <sup>2</sup>	Apr. 6	2,520	2.73	0	2	1	19	2½
Morocco	Apr. 20	5,908	6,596	3.0	2	1	19	2½
Iceland	June 5	1,252	1.45	5.0	-	-	-	-
Congo <sup>2</sup>	June 26	.850	.85	0	2	1	20	2½
Israel	Aug. 4	13,800	13.8	0	2	-	-	-
Brazil	Oct. 5	35,950	35.95	5.0	1	2½	20	2½
Liberia	Oct. 23	.850	.85	5.0	2	1	19	2½
Ceylon	Oct. 25	9,970	10,86	0	2	1	19	2½
Morocco	Oct. 27	13,190	13.74	3.0	2	1	19	2½
Tunisia	Nov. 6	11,330	11.81	2.5	2	1	19	2½
Congo <sup>2</sup>	Dec. 11	13,400	13.82	0	2	1	19	2½
Do <sup>2</sup>	Dec. 21	.570	.57	0	2	1	19	2½
Paraguay	Dec. 22	2,400	2.63	5.0	-	-	-	-
Chile	Dec. 29	17,600	18.39	10.0	-	-	-	-
Total		139,033	146,769					

<sup>1</sup> Including ocean transportation.

<sup>2</sup> Amendments or supplements to previous agreements.

Source: Individual agreements in "Treaties and Other International Acts Series."

Mr. MORAN. It is appropriate that the requirement of immediate repayment of 5 percent be waived in the event the President makes a determination that the recipient country's foreign exchange resources make this impossible. At the same time, a higher percentage should be required wherever the recipient is capable of making the higher payment. This percentage should be gradually increased until by 1971, 25 percent of sales would be in hard currency.

The CHAIRMAN. Do you suggest that we put this in as a mandate instead of leaving it to the discretion of the Department?

Mr. MORAN. I would be hesitant to do that, sir, because there are some cases such as the case of Indonesia or perhaps the Congo, occasionally where it would be impossible, but I think it should be phrased much more strongly than it is. But I think to try to make it obligatory might go too far.

The CHAIRMAN. As I recall, when we extended the present law back 2 years ago there was much objection to the payment of freight by the host country.

Mr. MORAN. These are pretty good terms that they received compared to what other aid donors give them.

The CHAIRMAN. I think last year it was \$80 million that the recipient countries paid for that. Before, we had absorbed the freight. We would simply send it to the port and say: "Here it is," and we would pay the freight and pay everything in our currency.

Mr. MORAN. Very often the out-of-pocket cost was there, which added to the expense.

The CHAIRMAN. Yes; certainly.

Mr. MORAN. 3. The provision in section 106(a), requiring payment within 20 years with no more than a 2-year grace period, be amended to cover convertible local currency as well as dollar sales.

We believe that this approach would help the United States in its balance-of-payments position immediately, would put pressure on recipient countries to undertake self-help measures and would lead more actively to a gradual transition to commercial sales.

Section 109(a) of the Food for Peace Act of 1966 requires that the President shall, before providing assistance under that act, consider the extent to which the recipient country is undertaking self-help measures. This requirement is vital if these countries are to achieve sustained economic development and if we are to meet the world's food problem in a timely fashion. The agreements negotiated in 1967 appear to have uniformly conformed to this requirement.

Special efforts should be made in the agreements under the local currency sales programs to contribute to these self-help measures. Priorities in the use of such funds should be given to the following:

1. Improvement in agricultural production, storage and distribution, including credit facilities.
2. Diversification of production.
3. Agricultural research, experimentation, and extension.
4. Education and training.

Section 104(e) of the Food for Peace Act of 1966 (Cooley amendment) provided that foreign currencies accruing in connection with sales for foreign currencies under this act should amongst others be used as follows: for use to the maximum extent \*\*\* for loans to U.S. business firms \*\*\* for business development and trade expansion \*\*\* and for loans to domestic and foreign firms \*\*\* for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of their markets for U.S. agricultural products \*\*\*. This was recognition by the Congress of the role which private enterprise could and should play in economic development, particularly in the improvement of agriculture, in the recipient countries.

Far too little attention has been paid to this provision. In calendar year 1966, out of \$1,030,962,000 equivalent in local currency arising from local currency sales, only \$44,155,000 or 4.3 percent was set aside for these purposes. In calendar year 1967, out of the equivalent of \$912,018,000 in local currency arising from local currency sales, only \$41,211,000 for an average of 4.5 percent was set aside for these pur-

poses<sup>1</sup> (see tables IV and V). This does not seem to be in accord with congressional intent.

(Tables IV and V follow:)

TABLE IV.—LOCAL CURRENCIES SET ASIDE FOR COOLEY LOANS IN CALENDAR YEAR 1966 AGREEMENTS

Country	Date	Local currency (in thousands)	Percentage, Cooley loan	Cooley loan (in thousands)
United Arab Republic	Jan. 3, 1966	\$41,050	5.0	\$2,052
Guinea	Feb. 4, 1966	2,380	5.0	119
Korea	Mar. 7, 1966	52,610	1.0	526
Ceylon	Mar. 12, 1966	4,540	10.0	454
Vietnam	Mar. 21, 1966	176,350		
Ghana	Apr. 1, 1966	7,460		
Turkey	Apr. 2, 1966	19,000	20.0	3,800
Jordan	Apr. 5, 1966	5,900		
Sudan	Apr. 13, 1966	4,160	5.0	208
Bolivia	Apr. 22, 1966	6,520	5.0	326
Congo	Apr. 23, 1966	4,940	4.4	218
Pakistan	May 26, 1966	104,162	5.0	5,208
Israel	June 6, 1966	23,500	5.0	1,175
Tunisia	July 30, 1966	13,370	10.0	1,337
Morocco	Oct. 25, 1966	9,600	10.0	960
India	Dec. 23, 1966	555,440	6.8	27,772
Total		1,030,982		44,155
Average			4.3	

Source: Individual agreements in "Treaties and Other International Act Series."

TABLE V.—LOCAL CURRENCIES SET ASIDE FOR COOLEY LOANS IN CALENDAR YEAR 1967 AGREEMENTS

Country	Date	Local currency <sup>1</sup> (in thousands)	Percentage, Cooley loan	Cooley loan (in thousands)
India	Feb. 20, 1967	\$135,000	5.0	\$6,750
Ghana	Mar. 3, 1967	5,480	15.0	822
Vietnam	Mar. 13, 1967	47,400		
Tunisia	Mar. 17, 1967	10,388	10.0	1,039
Korea	Mar. 25, 1967	47,380	6.0	2,843
Ghana	Apr. 6, 1967	1,537	15.0	231
Morocco	Apr. 20, 1967	5,630	10.0	563
Pakistan	May 11, 1967	32,800	5.0	1,640
Sudan	June 3, 1967	11,450	5.0	572
India	June 24, 1967	87,800	5.0	4,390
Vietnam	July 26, 1967	2,200		
Pakistan	Aug. 3, 1967	85,500	5.0	4,275
Israel	Aug. 4, 1967	13,800	5.0	690
India	Sept. 12, 1967	67,500	5.0	3,375
Vietnam	Sept. 21, 1967	90,000		
Do	Oct. 24, 1967	4,600		
Morocco	Oct. 27, 1967	12,470	10	1,247
Ghana	do	2,460	15.0	369
Tunisia	Nov. 6, 1967	10,380	10.0	1,038
China	Dec. 12, 1967	37,500		
Ghana	Dec. 18, 1967	743	15.0	111
Pakistan	Dec. 26, 1967	31,400	9.0	2,826
India	Dec. 30, 1967	168,600	5.0	8,430
Total		912,018		41,211
Average			4.5	

<sup>1</sup> Including ocean transportation.

Source: Individual agreements in "Treaties and Other International Acts Series."

Mr. MORAN. As the shift is made from local currency to dollar sales the availability of local currencies for these purposes will decline.

Congress foresaw this and made alternative provisions under section 107 of the Food for Peace Act. This authorizes dollar credit sales to U.S. or foreign private entities for the purposes of providing local currency funds for a project in a friendly foreign country which will result in the establishment of facilities designed to improve the storage or marketing of agricultural commodities, or which will otherwise

stimulate and expand private economic enterprise. Very limited use has been made of this provision.

Private enterprise could and should play a much greater role in improving the production, storage, processing and distribution of agricultural commodities in the developing countries. A much greater proportion of the local currencies arising from local currency sales agreements should be set aside for these Cooley fund purposes and a more aggressive effort should be made to secure the participation of private enterprise with the particular talents it can bring to this endeavor under sections 104(e) or 107, through which we can use and bring to these other people, along with their self-help measures, the knowledge that we have acquired in our private enterprise system.

In conclusion, Mr. Chairman, our association fully supports the proposal that Public Law 480 should be extended for a 3-year period. We do believe that certain changes should be made in the law and improvements in its administration to assure that the program may achieve the dual objectives of helping the developing countries improve their economic growth and meet their food requirements, while at the same time contributing to the solution of the U.S balance-of-payments problem. We therefore recommend that the committee:

1. Amend section 103(b) to require that sales for convertible local currencies may only be made on terms not to exceed 20 years with a grace period of not more than 2 years.
2. Require a greater effort to secure initial payment in dollars or convertible local currencies on sales under title I of 5 percent or more with exceptions limited to clear emergency situations.
3. Require a much more aggressive shift from local currencies to dollars or convertible local currency sales. If a complete shift to dollar sales by the end of 1971 is to be achieved, the target for 1968 should be a minimum of 20 to 25 percent of title I sales.
4. Provide that priorities should be given in the use of local currency funds generated by local currency sales for the support of high priority self-help activities.
5. Require greater attention to the promotion of the participation of private enterprise through (a) greater allocations of local currency funds under section 104(e), and (b) a more aggressive use of section 107 transactions.

The CHAIRMAN. You stated that you realized that there are some countries that are able to pay. How could you justify that?

Mr. MORGAN. I think that there are some other countries that could pay 10 percent or even 15 percent.

The CHAIRMAN. Should we write in a formula?

Exactly, how could that be handled not to leave loopholes so that these administrators would do something else?

What do we do here?

Mr. MORAN. I think that it might be desirable to require a reporting on a quarterly basis.

The CHAIRMAN. That is all right, is it, after the horse is out of the stable, then it is pretty hard to get him sometimes? Anyhow, I expect to go over this thoroughly with the administrators of this program in the hope that we can get them to carry out the intentions of the Congress more than they have in the past.

Mr. MORAN. I think it has been a fine act, but I think it could be improved somewhat. I think that its administering certainly could be improved in order that we could get a fairer sharing by other countries and less impact on our balance-of-payments problem.

The CHAIRMAN. Thank you.

Mr. MORAN. Thank you.

The CHAIRMAN. Our next witness is Mr. Carpenter. Please identify yourself for the record and give your full name.

**STATEMENT OF L. C. CARPENTER, VICE PRESIDENT, MIDCONTINENT FARMERS ASSOCIATION, COLUMBIA, MO.**

Mr. CARPENTER. Mr. Chairman and members of the committee, my name is L. C. Carpenter. I am vice president of the Midcontinent Farmers Association with headquarters at Columbia, Mo. The membership of this association is over 157,000.

It is indeed a privilege for me to have this opportunity to appear before you in support of the food-for-freedom program. It is vitally important to the farmers of America that Public Law 480, which expires at the end of this year, be extended.

Food for freedom is a program for all Americans, including farmers. I read the achievements of this program as President Lyndon B. Johnson summarized them in his farm message to Congress on February 27. And I thrilled with pride as I realized the extent to which I and other American farmers can identify with the significant accomplishments he listed:

The bounty from American farmlands and granaries has rescued millions of people from the brink of starvation.

Developing nations are helping themselves through national policies centering on agricultural development.

Sales are now shifting from foreign currencies to dollars. This repayment trend will improve our own balance of payments.

Food shipments are creating future overseas markets for the products of our farms and our industry, as the economies of developing nations grow stronger.

We read in the Book of Proverbs that: "Where there is no vision, the people perish."

Surely, the Congress of the United States demonstrated clear vision when it authorized the food-for-freedom program.

The broad and flexible authorities and guidelines of this program not only are helping win the world's war on hunger they also are making it possible for farmers to contribute significantly to helping our balance of payments. And they are opening new and exciting prospects for expanding and developing new markets around the world.

The assistance through concessional exports to victims of famine, earthquakes, and other calamities in the form of outright donations is indeed meritorious and should be continued.

But of equal importance, though not so well known, are the major contributions to our export program. As a farmer, this is the aspect of our food for freedom I would emphasize today.

One out of every four acres harvested in the United States goes into exports. In 1967 this was about 70 million acres. I do not have to tell

you what this means to farmers—25 percent of their total harvest is dependent on overseas markets.

This fact has equal significance for thousands of other Americans. Consider the many jobs that depend on this export business. Transportation, warehousing, processing, packaging, and financing are only a few of the business and services vitally affected by U.S. exports.

We are proud that under the aggressive and dynamic leadership of Secretary of Agriculture Orville L. Freeman, total agricultural exports have risen steadily during the 1960's. Today they are nearly \$7 billion, up from \$4.5 billion during the last 7 years.

It should be noted, too, that during those years the dollar sales from agricultural exports rose from \$3.7 to \$5.2 billion. These sales have been made it possible for agricultural trade to change from a trade deficit only a few short years ago to a substantial trade plus of \$585 million last year.

I asked the Department of Agriculture for some comparison figures on exports by commodities. These figures are a remarkable testimony in themselves. For example, our exports of feed grains rose from 25.8 million tons in 1960, to 49 million tons last year. Wheat exports climbed from 1.4 billion bushels up to 2 billion bushels. Rice exports went up from 5.2 million tons in 1960, to 6.9 million tons in 1967.

It is probably evident from the foregoing that I and other farmers in the United States have a personal stake in this program. But the fact that we have a vested interest should not obscure the additional obvious fact that extension of the Food for Freedom Act, a humanitarian program, is in our national interest as well.

Around the world today we are engaged in ideological conflict vying for the hearts and minds of men.

It would appear that we have at least two major tasks ahead of us as a nation.

One is, I hope, a short run task: To restore peaceful conditions and stabilize the peace in order to prevent the tensions of the day from escalating into a major nuclear war.

The other task is to build and strengthen the world community so the benefits of science and technology may be applied to enriching man's life.

President Lyndon B. Johnson said it correctly, and well: "The clock continues to tick in the developing nations—as the shadow of hunger threatens to turn into a nightmare of famine."

Food for freedom is not a complete answer in itself. But, it is a major weapon in the war on communism occasioned by famine and hunger, and it provides a base for countries to improve their self-reliance.

Under the food-for-freedom program, we have enabled developing countries to use food for capital. Sometimes food is used for wages. In other cases, the United States has returned currency paid for food as a loan or grant. The program not only furnishes help in productive public and private works. it also builds schools and hospitals to improve the education and health of the people. It aids in needed research projects, and essential facilities both in agriculture and industry.

Under the present program, food aid is a vital force in helping developing nations increase their own good production.

Having just returned from Japan, I personally know it is an outstanding example of a nation which has utilized food aid as a temporary assistance to sustain itself while it developed its own resources to the point they today are one of our biggest cash purchasers of agricultural exports. Greece, Italy, Spain, Taiwan, and Israel are other examples where our food exports, supplied earlier through concessional sales, are now largely carried on and expanded in commercial channels and paid for in hard currencies.

If there once was a fear that Public Law 480 and food for freedom would only create future hardships for American farmers by encouraging and developing competition for him in world trade, I think that fear has long since vanished.

Mr. Chairman and members of the committee, may I include one word of caution—farmers today are fighting the battle of the cost-price squeeze, as they have seldom ever had to do before. Net farm income must be improved if a healthy agriculture is to prevail. Passage of appropriate legislation continuing Public Law 480, coupled with effective administration of this law, will serve to improve net income which is so direly needed by the family farmers of America.

Experience has shown that the way to sell more U.S. farm products abroad is to help improve their economy, thereby creating the demand and then provide the supply. Underdeveloped countries today are agricultural markets of tomorrow. We can help them develop their economic and social potentials now through sharing our abundance and know-how. At the same time, we shall build future commercial markets for American farm production.

The food-for-freedom program will help us accomplish these goals. We fully support the bill you are considering and hope for early and affirmative action by this committee and the Congress.

Thank you for this opportunity to present our views.

**THE CHAIRMAN.** Thank you, Mr. Carpenter. It was a very nice statement.

**MR. CARPENTER.** Thank you.

**THE CHAIRMAN.** All right, we will next hear from Mr. Herbert C. Fledderjohn.

Identify yourself for the record; give your full name, please.

#### **STATEMENT OF HERBERT C. FLEDDERJOHN, FRIENDS COMMITTEE ON NATIONAL LEGISLATION**

**MR. FLEDDERJOHN.** Mr. Chairman and members of the committee, I am Herbert C. Fledderjohn, president of the International Cooperative Development Association. ICDA is composed of U.S. cooperatives interested in making their knowledge and experience in the development of agricultural cooperatives available as a contribution to economic development and the "war on hunger." In the course of my activities I have had the opportunity of visiting several of the less-developed countries, particularly in Latin America and in Southeast Asia, and have seen firsthand the serious food problems faced by these countries and the efforts they are making on their own behalf and with outside help, to overcome their difficulties.

I am appearing for the Friends Committee on National Legislation, a Quaker organization, which from its inception in 1943 has consistently and actively supported legislation dealing with world hunger and economic development. The FCNL has testified several times before this committee on Public Law 480 and related legislation.

- Those who know the highly individualistic nature of members of the Society of Friends realize that no person or organization can speak officially for all Friends. But on this question of America's responsibility to do its full share in overcoming world hunger, there is a high degree of consensus among Friends.

We appear here today to urge the extension of Public Law 480 beyond its present expiration date and to suggest ways in which it could be strengthened and made more effective as a part of the "war on hunger" and as a contribution to world peace and stability.

We are proud of the part that the United States has played in utilizing its food surpluses and its agricultural production capacity for the alleviation of hunger. However, we are dismayed by the trend in recent years to reduce the level of such assistance. Published figures indicate that in the past 5 years the United States has cut back expenditures for food shipments to the hungry nations by 27 percent, and this at a time when the per capita food available in the less developed countries has been declining. It was in the face of this impending food crisis that the U.S. Government adopted policies which would increase domestic food production. American farmers responded and we enjoyed one of the largest crop years in our Nation's history. It is ironic that in the face of our bumper production and the world's need, U.S. food shipments under Public Law 480—and particularly that part sold for local currency—declined. This inevitably resulted in seriously reducing both market prices to our farmers and the nutritional level in the hungry nations. Both lost. We of the Friends Committee on National Legislation would therefore urge that the funds authorized for the "war on hunger" be continued at the present levels, if not increased, and that the full appropriation be used in this important cause.

As to self-help: We support the emphasis on encouraging self-help in order to move toward a time when the developing countries will no longer be dependent upon the generosity of the United States and other developing nations to feed their people. We also recognize that care must be taken in the distribution of Public Law 480 foods to avoid depressing market prices to the point where indigenous production is discouraged, since this would be self-defeating. A very delicate balance is involved here and great sensitivity and patience are called for. Farm prices are not as important as human welfare. The self-help requirement should never be interpreted so stringently that the individual is forced to suffer for the inadequacy of his government.

Agricultural development is a slow process. Time is required to develop improved seed varieties, introduce plant production supplies, produce the required fertilizer, and train the millions of cultivators in their effective use. Centuries old traditions and customs must be changed and an infrastructure created to support more modern production methods. I do not mean to imply that the governments of the developing countries are not putting a lot of resources into this effort. They are. This past crop year gave evidence that substantial

progress is being made in several parts of the world. Yet this progress has not been sufficient to justify a reduction in our own food shipments. Even under the most favorable circumstances the average caloric intake in Asia, Africa, and Latin America will remain dangerously low for some time to come.

We are very uneasy over the proposed elimination of local currency sales, and we urge this committee to strike the wording in section 103(b) which requires transition to dollar sales by the end of December 1971. Any gain in dollars under this section will be more than offset by a slowdown in the development progress in the poorer nations.

The problem of food and agriculture is inseparable from the problem of economic development. Concurrently with advances in agriculture must come the creation of social services, industrial and commercial development that will make use of vast manpower resources, and the creation of the total infrastructure that is necessary to a modern economy. All of this requires capital, and a substantial part of it must be hard currency capital. Furthermore, in no country that I know of do our Public Law 480 food shipments cover the total need for imported food. This means that the developing countries are already using a part of their foreign exchange for needed food supplies. When U.S. shipments can substitute for hard currency purchases, they expand total available development capital. When local currencies are loaned back to recipients they speed the development process. Therefore, we urge the elimination of section 103(b) as a self-defeating proviso.

We also feel that the worldwide need for food is so great that the United States should stand ready to expand its own production, both quantitatively and qualitatively. In this regard, we note that the Department of Agriculture has estimated that, under current Government policies, it costs 60 percent as much not to produce a bushel of wheat as it does to produce it and give it away. Thus our food-for-peace shipments not only constitute a major humanitarian effort, but are a real bargain in economic development as well.

Since there is no chance of winning the war against hunger without a drastic reduction in the rate of population increase, more local currencies should be used to expand maternal and family planning programs.

A world at peace cannot be achieved if half are prosperous and half are poverty stricken—if half are fed and half left perpetually hungry. And hunger knows no political or ideological boundaries. If hunger is the enemy, it should be attacked with our resources wherever it exists. Our food should not be used as an ideological weapon. The guiding consideration must be our moral obligation to promote progress and relieve suffering wherever it is found. It is the earnest conviction of the Friends Committee on National Legislation that, in the long run, morality will prove to be both sound economics and enlightened foreign relations. Thus we recommend that sections 103(d) and 103(j) be stricken from the Food for Peace Act.

We appreciate the opportunity to appear before this committee.

The CHAIRMAN. All right, sir, thank you. I think that we are doing our share, plus, in helping to feed the world. It is the thought of us that we ought to give in proportion to what others have done. We have

exported our money abroad; we are exporting our youth. I do not think it is to our advantage to export the fertility of our soil. Thank you.

We will next hear from Rev. Clyde N. Rogers.

Please identify yourself for the record; give your full name, please.

**STATEMENT OF REV. CLYDE N. ROGERS, DIRECTOR, TOWN AND COUNTRY DEPARTMENT, OHIO COUNCIL OF CHURCHES, COLUMBUS, OHIO**

Mr. ROGERS. Mr. Chairman and members of the committee, I am Clyde N. Rogers, director of the Town and Country Department of the Ohio Council of Churches. The group that I represent includes our own staff and our board which is composed of clergymen from 17 denominations and 25 representatives of rural agencies. It has been my privilege to appear before this committee from time to time since 1954. When Public Law 480 was first enacted into law, I was the contact person between the Department of Agriculture and Church World Service-CROP when the first wheat and powdered milk were released to that agency.

We would express our gratitude to you and all other Members of both Houses of Congress who helped renew Public Law 480 in 1966, now commonly known as the "food for freedom bill."

We believe that there is a strong, significant and continuing role for the U.S. Government to (1) continue its work with individual developing nations of the world; (2) work with the appropriate United Nations agencies like the FAO and WHO; and (3) to help those voluntary agencies and private groups equipped to do so to increasingly serve as channels for self-help projects.

Because of the issue of separation of church and state, perhaps there should be established a "holding corporation" composed of outstanding citizens who would act as intermediaries between the U.S. Government and the non-Government groups for the purpose of handling cash, food, and projects to be supervised by those groups through approved channels.

We continue our strong support of the various titles of the present bill. There are two parts in the present bill to which we would call special attention. First is our great appreciation for the implementation of the population control section. We would advocate that this be greatly enlarged and strengthened. Every legitimate means should be used in family planning and population limitation. This is a major crisis of our time.

We would advocate that wherever possible, nursing mothers be given information and help so as not to conceive during the period of lactation. They then will give their babies a more adequate start in life. Kwashiorkor is a major result of babies being removed from their mothers' breasts before they are old enough to eat other foods which are available. Let us never forget that baby foods are not available in most countries.

There is one keen disappointment in the failure to fund one section of the present bill which is popularly known as the Farmers Corps. We would suggest that it be called whatever name is thought best for its implementation. We respectfully request that this section be adjusted if necessary so as to put into action this part of the law.

Appropriate agencies should be given the necessary funds and instructions to implement this program. We believe that this can be one of the most effective means of helping people to help themselves. Farmers know how to show other farmers a way to improve their methods of agricultural production.

In our evaluation of the law as it has been in the last 2 years, much still needs to be done as pointed out by the President's Science Advisory Committee which produced the book "The World Food Problem." We would recommend that this book be reprinted and used through various groups as a part of a massive educational program on the importance of this problem. Every thinking family should have a copy of this book.

We would call attention to a new resolution adopted by the general board of the National Council of Churches of Christ in the U.S.A. on February 22, 1968. We endorse this statement as submitted to you by Church World Service. It is worthy of wide study and implementation.

Perhaps one of the greatest roles of the voluntary agencies like Church World Service has been the food for work projects. This type program should be developed to its fullest possible extent. New means should be discovered for the use of America's abundant food as wages in many ways.

Another very important facet is in the use of local currencies in the development of roads, manufacturing establishments, business enterprises, marketing facilities, educational institutions, health clinics, and many related fields. Cooperatives and credit unions should be developed widely.

Sound agriculture is basic to economic growth, not only in the United States but in the developing nations as well. We are slowly learning that it is good business to help people help themselves.

The popularization of the various types of high protein supplements including soy products and fish powder, needs to be developed in the needy areas of the world. Funds should be made available as a part of the law for developing these programs.

As we have stated before this committee many times since 1954, the farmer has paid too much of the cost of our world food program. This is not as it should be. The farmer should bear his part of the cost only as other segments of society do. All Americans need to recognize that food is our greatest natural resource. Abundant food is America's greatest blessing. In order to have enough food for ourselves and others there must always be a surplus. This is a strategic resource which should be available at all times.

As I proposed to this committee in March 1954, there should be a strategic amount set aside of \$3 billion worth of food which could not be dumped on the world or domestic market to cut prices but would be used only to feed hungry people. Experts in the field of agriculture should know the amounts and kinds of foods which should be set aside in harmony with todays needs. If we had a domestic shortage it could be brought back into the market to be used in our country. We must have adequate food as a national reserve. The farmer must have income from the sale of his products equal to any other segments of society. He must be protected in every way so that he can have his part of the national income.

We are grateful for the great amount of good which has been accomplished in the food for freedom bill. We feel that with strengthening, adaptation and safeguards we have mentioned, this program has great possibilities toward achieving world peace in the future. We have only scratched the surface in helping people to meet their own needs. May we not let anything get in the way of accomplishing these purposes which are in harmony with the best of our traditions. The long, hard, road to peace will be reached only as hunger and ignorance are banished from the world. It is both good morality and good business to achieve these purposes.

The CHAIRMAN. Thank you. I think you are very generous in wanting to provide more for these people—more than you can afford. It is my belief that the problem of providing food for the hungry people is more or less international and it ought to be done by all of the people, in aiding in this program. And if you undertake to do the whole job, yourself, the chances are that it will be left to us.

Mr. ROGERS. I agree with you 100 percent. I think every nation that is a surplus-producing nation should be pressured—may I use the term “pressured”—to do its part of it, because I believe it is in the interest of good business and good sense to do it.

The CHAIRMAN. Whether they produce more than they need or not, there are other means of helping, such as furnishing money to buy other things.

Mr. ROGERS. I agree with that. I think you and I would be 100 percent in agreement in everything that I have heard you say from the beginning which I believe to be sound, and I appreciate the additions that you have made to the bill, so far as I am concerned, and I endorse those as well as the present bill.

The CHAIRMAN. Thank you.

Mr. ROGERS. Just one other question, Senator. I have been deeply concerned that with your help and the help in the House, we passed the farmers corps, as we call it, as a part of the bill, and it has never been funded, and when you folks are speaking for aid in agriculture, as the House did last, put pressure on them—it has not been done. I think it is a valid part of it and has every right in this to be implemented. The Secretary of Agriculture, Mr. Freeman, made a similar statement before the House committee that he felt that there should be some experiment of some sort done here. Let us get on with it, so far as I am concerned, because I think it has possibilities. I hope that we can get your support in seeing that this does happen.

The CHAIRMAN. All right. Thank you very much.

This ends the hearing for today.

The committee will stand in recess until 10 o'clock tomorrow morning.

(Whereupon, at 12:30 p.m., a recess was taken until 10 a.m., Thursday, March 14, 1968.)

## **EXTENSION OF PUBLIC LAW 480, 83D CONGRESS**

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**THURSDAY, MARCH 14, 1968**

**U.S. SENATE,**  
**COMMITTEE ON AGRICULTURE AND FORESTRY,**  
*Washington, D.C.*

The committee met, pursuant to recess, at 10 a.m., in room 324, Old Senate Office Building, Senator Allen J. Ellender (chairman) presiding.

Present: Senators Ellender (presiding), Aiken, and Young of North Dakota.

The CHAIRMAN. The committee will please come to order.

We are considering an extension of Public Law 480.

On yesterday we had several witnesses testify, and today we have another group to testify. We have three bills to consider on the subject. Two of them are merely extensions for 3 years, and a third one not only extends the law but provides for two amendments indicating how some of the surplus funds can be used.

I am very hopeful that the witnesses who appear today will try to restrict their testimony to Public Law 480. Yesterday, we had quite a discussion on what we ought to do in order to alleviate the plight of the farmer.

For the information of the witnesses who will appear here today, I wish to say that beginning on April 3d through to the 10th of April, the committee will consider bills dealing with our farm program for the future—that is, an extension of it, but it is our hope to merely hold hearings in order to find out whether or not the farm bill can be improved. And we will use the testimony that is presented during the April hearings as a basis for the introduction of a bill by this committee in the early part of the 91st Congress.

I do not want to cut anybody off from testifying, but I simply express the hope that their testimony will be restricted, primarily, to the issue at hand, and that is the extension of Public Law 480.

The first witness this morning is Mr. John E. Lynn, of the American Farm Bureau Federation.

Please identify yourself for the record and those who are with you.

### **STATEMENT OF JOHN C. LYNN, LEGISLATIVE DIRECTOR, AMERICAN FARM BUREAU FEDERATION**

**Mr. LYNN.** Thank you, Mr. Chairman and members of the committee.

My name is John C. Lynn, and I am accompanied by Mr. Herbert E. Harris II, and Mr. Reno Walker, who has joined our staff and who will not be participating this morning, but you will be seeing him up here quite a bit.

Our statement is rather brief. The statement which we will make before your committee on April 4th will be much lengthier, having to do with the farm program.

The CHAIRMAN. I expected that.

Mr. LYNN. Yes.

We appreciate the opportunity to present the views of the American Farm Bureau Federation with respect to the extension of Public Law 480 and the use of our agricultural productive capacity to combat hunger in the less-developed areas of the world. Farm Bureau has long supported efforts to make constructive use of the actual and potential output of our efficient agricultural industry. Efforts in this regard have been threefold:

(1) We have advocated policies aimed at maximizing mutually advantageous commercial trade.

(2) We have supported policies aimed at supplying food and fiber assistance to less-developed nations unable to acquire needed supplies through commercial trade.

(3) We have advocated Government farm program policies designed to preserve the market system as the principal influence in determining the use of farm resources and distributing farm output.

Members of the committee will recall that Farm Bureau played a major role in the development of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480) and that we have supported periodic extensions and revisions in this legislation. Many recommendations that we made were incorporated into the act of 1966.

Our objectives in supporting Public Law 480, now generally called the food and peace program, have been to reduce accumulated surpluses, provide needed aid to friendly foreign countries, and expand commercial trade as recipient countries develop their own economies.

Since 1954 surplus farm products worth some \$30 billion in terms of acquisition, handling, and shipping costs have been distributed to more than 100 nations under Public Law 480. This program obviously has been an important outlet for U.S. products and an important source of supplies for the recipient countries.

On the other hand, the objectives which originally led us to support such legislation have not been fully achieved. We believe that it is important for the Senate Agriculture Committee to take the time to review carefully the operation of this law.

Public Law 89-808, the Food for Peace Act of 1966, extended Public Law 480 for 2 years, through December 1968, and authorized some very important changes in the program. We were happy to associate ourselves with many of these changes. We were particularly pleased with the new emphasis on self-help programs for recipient countries. The act of 1966 no longer limits food aid to surplus commodities but encompasses commodities determined to be available by the Secretary of Agriculture.

There is evidence that Public Law 480 programming has not been able to break away from the "old surplus philosophy." Noncommercial movements of dairy products are an example. The following figures indicate the noncommercial exports of milk equivalent in million pounds, butterfat: 1964, 6,504; 1965, 1,422; 1966, zero; 1967, 10.

Concessional sales of nonfat dry milk follow a similar pattern: 1964, 230; 1965, 178; 1966, 64; 1967, 61.

**Senator AIKEN.** I might put in a little explanation there.

You see, 2 years ago the production and consumption of dairy products came into almost exact balance in this country. Then, the Government failed to enforce the import regulations for dairy products until the equivalent of I do not know how many billion pounds of dairy milk had been brought into this country virtually illegally. The situation was getting so bad, surpluses were piling up so fast, that the President finally asked the Tariff Commission to study the situation. There was no question but that ice cream mixes were coming in from Belgium illegally—products which could be quickly made into cheddar cheese—and they were coming in from other countries as well, and the Tariff Commission finally made its report to the President. They opposed putting any further restriction on these imports, but the President overruled the Tariff Commission and restored the legal system of imports.

That was done last July 1, but, as the result of this failure to enforce the import regulations, our Government has had to buy the equivalent of something like 8 billion pounds of milk, costing several hundred millions of dollars, I think about \$300 million.

Now, we have built up another CCC surplus, because the damage has been done. There was a 6-months supply of ice cream mix on hand from other countries, primarily from Belgium, before we took action and overrode the Tariff Commission which was all in favor of the foreign producer. Now it is beginning to straighten out again a little, but, in the meantime, the damage, as I have stated, has been done, and production has gone down in this country—the net production for this year, I think, on dairy products and milk is down about 3.5 percent from that of last year, and about 3 or 4 percent last year from the previous year. So, the dairy industry is going down and down and down all of the time, and the principal reason for it has been the failure to enforce the import regulations for about 15 months.

**Mr. LYNN.** Of course, the point we are attempting to make here is—

**Senator AIKEN.** Your point is all right. I just wanted to get my point in there, and I thought it was a good place to do it.

**Mr. LYNN.** We were happy to associate ourselves with your efforts and the efforts of the committee in that project.

**Senator AIKEN.** It is unbelievable that the President had to override his Tariff Commission which recommended that we continue not to enforce the law.

**Mr. LYNN.** Yes, sir. (Pause.) Returning to my prepared statement. In other words, during a period when a great deal of publicity has been given to the need of less developed countries for increased food aid, especially in nutrients, the programming of dairy products was severely curtailed. The obvious explanation is the fact that CCC stocks had dropped from 153,898,000 pounds on December 31, 1965 to 384,000 pounds on December 31, 1966. Now that CCC dairy stocks have been rebuilt to 423,407,000 pounds—as of December 31, 1967—food aid shipments will probably be resumed.

We believe that on and off programming of this type is not in the best interest of recipient countries nor of American dairy producers. We do not believe it is consistent with the amendments placed in the act by the Food for Peace Act of 1966.

Another important feature of the legislation as extended in 1966 is a provision for a transition from sales for foreign currencies to sales for dollars on credit terms at a rate whereby the transition can be completed by the year 1971. We think this is a good objective. We would recommend that the legislation insist on the accomplishment of this objective according to the time schedule outlined in Public Law 89-808. Unfortunately, there has not been a great deal of progress made in this direction as the following figures for long-term dollar credit sales indicate:

Fiscal year 1965, \$157 million; fiscal year 1966, \$173 million; fiscal year 1967, \$177 million.

You can see there that from 1966, when you amended this act, that there has only been a slight increase in the long-term dollar credit sales.

The CHAIRMAN. \$4 million.

Mr. LYNN. That is right.

The CHAIRMAN. Did you look over any of these contracts to ascertain this, or did you get this information from the U.S. Department of Agriculture?

Mr. LYNN. We got these figures from the Department's statistics. We understand, based on our listening in on the hearings when the Secretary appeared in the House, that all of these contracts are 40-year contracts and are at 2.5 percent, which seems to be a little long.

The CHAIRMAN. I agree. I expect to submit to the committee some legislation which may shorten that some.

Mr. LYNN. Yes, sir.

The CHAIRMAN. And write it in specifically.

Mr. LYNN. Yes, sir.

The CHAIRMAN. And if you have any other views on that particular area of the bill, the committee will appreciate receiving them.

Mr. LYNN. Yes, sir.

We are very much aware of the balance-of-payments situation facing the United States, and we believe that the shifting of this program to credit sales would help improve this situation in the future. We would emphasize, however, that one of the real weapons available to the United States for helping correct this situation is an all-out effort to increase our dollar exports of agricultural commodities.

Let me insert this: If we would give as much emphasis to agricultural exports as we have been giving in trying to control the tourist travel abroad, we would have done a great deal more toward solving our balance-of-payments problem. We firmly believe that we could export one-half billion dollars more of agriculture commodities commercially in 1968 if we would work at it.

Last year, U.S. agricultural exports reached a new high, totaling \$6.8 billion. This accounted for 22 percent of total U.S. exports. We believe American farmers can play a larger role, and we have set our sights on annual agricultural exports of \$10 billion. We believe as I've said before that in this current year agricultural exports might be increased by one-half billion dollars if proper emphasis is given to this matter.

The Public Law 480 program as is currently being administered must be considered as part of our foreign aid program, and we believe it should be more closely coordinated with our foreign aid endeavors.

If food aid, economic assistance, and technical assistance are to be

coordinated, U.S. assistance should be offered to less developed countries as a unified program containing those elements that will best fit such country's developmental needs.

In this manner, a less developed country—which has designed its own self-help program for development—can confer with the United States on a package program of assistance. We believe that country-by-country programs—mutually agreed to by the recipient country and the United States—should be submitted to Congress so that foreign aid money can be appropriated in an intelligent and constructive manner.

The CHAIRMAN. Would you suggest that this be on all contracts before the goods are delivered?

Mr. LYNN. Yes, sir. Let us fit the money to the plans that they present rather than fitting the plans to the money, as we are now doing.

The CHAIRMAN. I am sure you will have much delay if you have to submit that to the Congress and let Congress pass upon it, anyway before shipments are made.

Mr. LYNN. We have in mind something like what this committee did with regard to Public Law 566 funds. This does not take so long, and I expect you would have a fewer number of these programs than you have in Public Law 566. I think that the Congress has done an excellent job in screening those and causing us to get our dollar's worth out of them.

Senator AIKEN. Would you require congressional approval before they are put into effect?

Mr. LYNN. We would like for you to at least have a report on them.

The CHAIRMAN. Do you mean a report after the agreement is made?

Mr. LYNN. No. We would like for your committee to be tuned in as to what this big agreement is going to be with India, for example, before it is entered into, and have you and the Foreign Relations Committee, which has jurisdiction over the foreign aid program, to see if the plan is properly coordinated. We simply would like to have foreign aid and Public Law 480 coordinated. This ought to be done by the executive branch of the Government, but we see a lot of evidence that it is not being done. It may be that you would want to write, in your report, language dealing with this matter.

We recommend that (1) Congress appropriate funds for food aid in the same manner that it appropriated funds for other foreign assistance, and (2) the commodities to be shipped under food-aid agreements be purchased through regular market channels.

The CHAIRMAN. Do you believe that foreign assistance under Public Law 480 is treated more or less as a supplement to other foreign aid?

Mr. LYNN. Yes, sir.

The CHAIRMAN. And you want to make it a part of it?

Mr. LYNN. Yes.

The CHAIRMAN. In other words, to use food in lieu of cash—is that what you are suggesting?

Mr. LYNN. Wherever possible and where necessary to have a blend of cash and food, make sure that they are put in together.

Senator YOUNG. Let me ask you this question:

In connection with the use of section 32 funds to try to stabilize the prices of perishable commodities, you would not use any of the food thus acquired under Public Law 480?

**Mr. LYNN.** If the Commodity Credit Corporation purchases in the market as you indicate, from section 32 funds, we would have no objection to that. We are simply trying to give emphasis to the fact that this ought to be in the marketplace rather than all coming out of Commodity Credit Corporation stocks. Congress made it clear, in extending the Act of 1966, that your intention was to get away from the word "surplus" and to the market; you made that very clear.

There would be no need to use the Commodity Credit Corporation to finance such a program; there would be no reason to charge the Department of Agriculture for the cost of such a program. This would be a food-aid program based on what the people of recipient countries need and could use effectively. It would not be surplus disposal. It would be designed to meet humanitarian and foreign policy objectives, with emphasis on shifting to commercial exports.

We believe it is important for Congress to continue to review this program periodically, and we believe every 2 years, and recommend an extension not in excess of two years with an authorized program level of not more than \$1.5 billion per year.

In the extension that you did in 1966, that authorization was \$1.9 billion.

Public Law 480 should:

(1) Be designed to work in harmony with the free market system domestically and to foster expansion of world trade on a commercial basis.

(2) Be designed to reduce the costs of Government farm programs by providing markets instead of subsidy payments and other price support activities for affected commodities—not just to add another program.

(3) Provide that quantities of commodities to be shipped under the program shall be established and announced far enough in advance to enable farmers to make needed adjustment in production and marketing plans.

The milk example that we used earlier demonstrates this very clearly.

(4) Provide that once an agreement is reached on the commodities a given nation is to receive, that nation shall be authorized to select the class, grade, and quality of product; determine the U.S. markets through which purchases are to be made; and make its own transportation arrangements.

(5) Provide that the United States shall not relinquish authority or decision-making responsibility to any international agency.

The CHAIRMAN. If the purchasing country is to make its own transportation arrangements, I assume you would strike from the law the requirement that one-half be shipped in American bottoms?

**Mr. LYNN.** U.S. bottoms, yes.

The CHAIRMAN. You want to eliminate that?

**Mr. LYNN.** Yes.

The CHAIRMAN. You would not have any chance to put that through the Congress.

**Mr. LYNN.** This is not the first one that we might have failed to get enacted.

We believe that the changes made in the basic program in 1966, if properly implemented, will help accomplish these recommendations and achieve the basic objective of this program.

Let me just add in summary, Mr. Chairman, that we think that the basic changes made in 1966, if properly implemented, would accomplish the objectives, as we see them, of Public Law 480. We have two specific suggestions, in addition to those changes that you made in 1966; namely, a 2-year extension, with an authorization of \$1,500,000,000, but with insistence in the report, we hope, that the law be implemented, as you passed it in 1966.

The CHAIRMAN. What is your recommendation on title II, that is, the giveaway? \$600 million plus is authorized annually. We used \$378.2 million last year. Do you want to do away with that?

Mr. LYNN. We wish that we could. We are in such difficulty in so many places, that we would like that, but we do not see any possibility of doing it, at this time but if it is integrated with title I sales, and the use of these local currencies for real constructive purposes abroad, and you can use title II as a sweetener, if you please, to get some things done, then this may be the best way to do it.

The CHAIRMAN. Well, as you know, when this bill was up for extension 2 years ago, I thought then, as I do now, that our assistance is more or less humanitarian. We do not owe anything to India or to Pakistan. In fact, we do not owe any of these countries, and since this program is a humanitarian one, it seems to me—and it seemed to me 2 years ago—that our assistance should be gaged by what other countries are doing and that we should not be carrying the whole load, because that is what is happening.

We have very few countries that are assisting in this great humanitarian effort, and it is my belief that we ought to offer to furnish a certain percentage of the requirements and condition our contribution on its being matched by other countries who should be thinking, as we are, of this great humanitarian effort.

Mr. LYNN. Well, I think, every American is for this idea. There will be before the Senate soon a proposal, dealing with the wheat trade food aid convention which is up for ratification by the Senate, and I would hope that the Senate would study very carefully the commitments that have been made by other countries in connection with the wheat trade convention. Based on certain information, they have committed certain tonnages, but there is no increase over what they are currently doing, so that this is not a great sacrifice on their part.

The CHAIRMAN. As I said yesterday, many of the countries that we are assisting use the hard currencies they have to buy from countries other than this country.

Mr. LYNN. Yes, sir.

The CHAIRMAN. In the hope that we will come in as a residual furnisher of food and supply the difference.

Mr. LYNN. Yes, sir.

The CHAIRMAN. And if we pursue such a policy as that we will end up by furnishing most of the needs, either by way of gifts or by accepting in payment the currencies of the host countries, repayable on a long-term basis.

Mr. LYNN. Yes, sir.

The CHAIRMAN. And that I do not like.

Mr. LYNN. Yes.

The CHAIRMAN. That is why I believe that this committee should

look into that more and try to shorten the term in which the payments are to be made and hasten the time when their currencies will be convertible into hard currencies.

If you leave it to the host countries, you will never get any hard currencies out of it.

Mr. LYNN. Along this line, we have given a lot of thought to suggesting an amendment to provide that in any new agreements that we might negotiate with India, for example, that we ought to require that they buy a percentage of their requirements for dollars.

The CHAIRMAN. They do buy a certain percentage, but not from us.

Mr. LYNN. I know. It ought to be specified that it be from the United States. Also, we have given a lot of consideration to this 20 million acres that is being used in India, some of it the best land, to produce cotton at 125 pounds per acre. In negotiating an agreement with India, the use of this land ought to be discussed. We know that they want to produce cotton in order to produce some dollar earnings, but is this the best use of this cropland at a time when we have over 60 million people in India who are in danger of starvation?

The CHAIRMAN. I would not insist that we do all of this, but it strikes me very forcefully that since this is a humanitarian effort that other nations of the world who are capable of assisting should lend a hand as we have.

Are there any further questions?

Senator YOUNG. Yes, sir.

As you know, under the Export-Import Bank, we have a multi-billion-dollar-a-year program of loans to encourage exports of industrial commodities. Under the foreign aid program we give away billions of dollars for economic assistance and for purchasing military and to pay for other military assistance.

Do you not think that it would be just as important to have multi-billion-dollar programs to provide for hungry people of the world and help get rid of surpluses here?

Mr. LYNN. Yes, sir; we do have programs, as you know, to sell on credit to these countries.

Senator YOUNG. But we do not have any program comparable to this Export-Import Bank program. Under the foreign aid program we literally give away billions of dollars of economic assistance, and they can, frankly, do what they want to do with it.

In view of all of this, I do not think that we should be so tight in what we do to help the farmers here.

Mr. LYNN. We would be very much for any mechanism that we could use to sell for dollars on short-term credit sales.

Senator YOUNG. You do not believe in giving away food?

Mr. LYNN. Well, we have been one of the real supporters of Public Law 480 all of this time, and there have been some \$20 billion worth of food, practically, given away under it, and we have supported the foreign aid assistance program.

But I think that all we are suggesting here is that we ought to tighten up on this program and make sure it is meeting the current needs.

Senator YOUNG. I think that the Farm Bureau deserves a lot of credit for the enactment of Public Law 480 in the first instance. I note that you are getting a little bit more conservative as times goes on.

Mr. LYNN. That was about 13 years ago.

Senator YOUNG. You were one of the original sponsors of this program.

Mr. LYNN. Yes, sir; and we appreciate your support.

The CHAIRMAN. Last year's record indicates that from January 1 to December 31, 1967, the value of the agreements signed for local currencies, Senator Young, was \$912.02 million, whereas the conversion; that is, the local currency to be converted into hard currency, was \$152.57 million. And direct sales made by the trade were \$18.3 million—a very small amount.

Mr. LYNN. Yes.

The CHAIRMAN. It should have been much greater than that.

Mr. LYNN. That was smaller than I realized.

The CHAIRMAN. Then, as I have pointed out, dollar credit sales were \$139.03 million.

Mr. LYNN. Yes; but still not enough.

The CHAIRMAN. But still not enough, yes. As long as we permit these transactions for local currencies, which we have in abundance now, they are going to lean on us; but I think that it is time to get hard nosed. And I think that your suggestion is sound, that if they do buy for cash with hard currency in any country, we ought to get our share of that before we accept the local currency.

Mr. LYNN. Or give it away. Yes.

The CHAIRMAN. Are there any further questions?

If not, we thank you very much, Mr. Lynn.

Mr. LYNN. Thank you, sir.

The CHAIRMAN. The next witness is Mr. Harry L. Graham.

Please identify yourself for the record, giving us your full name.

#### **STATEMENT OF HARRY L. GRAHAM, LEGISLATIVE REPRESENTATIVE, NATIONAL GRANGE**

Mr. GRAHAM. Mr. Chairman and members of the committee, I am Harry L. Graham, the legislative representative of the National Grange.

Some people call it food for peace, some call it the war on hunger, some call it Public Law 480, but for 100 million recipients of U.S. assistance in feeding the hungry, it is an act of mercy and an expression of brotherhood which finds no equal in the history of the world, and the relationships in that world between nations.

The stories about it are legion. The Food Administrator for AID told me 2 weeks ago that at one time, last year, he was feeding 9 million schoolchildren per day in India. Public Law 480 shipments increased the diet for 100 million people in India from 4 ounces of wheat per day to 6 ounces per day; the lower level meaning starvation, the higher level meaning survival.

This project has meant a new and very satisfying relationship between this Government, its voluntary agencies, and recipient nations and peoples in dozens of countries around the world. CARE reported feeding more than 9 million people a day, also last year in India in two provinces alone. Church World Service and a whole list of relief organizations, Catholic, Jewish, and Protestant, have cooperated in

this ministry of mercy to keep people alive, and to try to protect the learning capacity of children, even before they are born.

It has been well established that inadequate diets before the age of 4 and beginning even with the unborn fetus, can permanently impair the learning capacity of the child for the rest of its life. It has another factor which is more easily recognized, and that is the stunting of growth. One of the most dramatic examples of what this program has accomplished was in Japan which depended so much on the food-for-peace program after the war. Reports indicate that today's young people in Japan are 4 inches taller and 20 pounds heavier than their parents.

However you call it, even with some of the problems of distribution that have arisen, and with possibilities of some fraud and graft, this has been one of the most amazing and heart-warming programs ever conducted by any nation.

It began with an attempt to remove the surplus food which had accumulated in the United States and to put it into a practical use. It was a combination of humanitarianism and practical economics, and represented the traditional American cultural attitude, inherited from the Europeans, which looked with disfavor on the waste of foodstuffs.

Might I interject that we would not support an agreement to take away the use of this program to reduce our surpluses. We do not think it should be for that purpose alone. We supported the writing into the present bill the permission to purchase from the marketplace. And we cannot use this to remove our surpluses. And it seems to us that it has lost some of the value that it ought to have. Otherwise, what will we do with the surpluses? Keep them here and sit on them, ourselves? We say to you, both ways. When surpluses are necessary to be removed, as milk was when we had more milk, as the Senator from Vermont indicated a while ago, but when there was no milk, no surplus milk being produced, in 1966, and there was no powder available for purchase, even though we increased our support level for milk from \$3.17 to \$3.50, and then to \$4—during that year we were not purchasing any surplus milk. And to assume that we should send the same level of milk overseas at that time when we were simply pushed and had pushed up the price considerably—and we might have pushed up the price considerably here at home—and we do not object to that, but to have it go in that direction, simply to have a regular programming, just does not make as much sense to us as it apparently does to some people. We think that when surplus is available as it is now, it should be programmed. In times when it is not available, then we should use the best mix that we have at the cheapest price to our Government, especially for this direct relief. That has many variations; it can be rice, it can be wheat, it can be soybeans, it can be soybean mixes, it can be many things, but I think that Public Law 480, the administrators of that, that they have some responsibility to have as economical and as good a nutrition mix as is possible. If that means that he does not purchase some commodities when they are in short supply, so be it, but when they are in long supply and add to the mix, and the cheapness of it, then I think that we ought to go in that direction.

The CHAIRMAN. You have stated that this is a humanitarian effort made on our part. Do you not feel that since it is in that category the whole world should join us in providing food for starving people?

**Mr. GRAHAM.** Certainly, we do. We are very much in support of the attempt of our Government to increase the participation in food aid as a part of the international agreement. We did not get as far as we should. I served as a consultant to the FAO. And although ashamed of the fact that some of the rest of the world has not matched us, we offered again last year in terms of multilateral food aid to match what the rest of the world would do, dollar for dollar, and it was a good offer, and they came up with about one-third of what we had offered to do. But, on the other hand, we should remember that some of their aid also is unilateral like ourselves. The fact of the matter is that the French nation—and I do not go out of my way to say anything good about Mr. de Gaulle, but a fact is a fact—on a per capita basis, France has done more foreign aid than we in the United States.

**The CHAIRMAN.** To whom?

**Mr. GRAHAM.** To their former colonies, as you know.

**The CHAIRMAN.** No; I do not know it.

**Mr. GRAHAM.** Well, I mean this is what it is.

**The CHAIRMAN.** But I know the way they are doing it. It is not direct aid at all. What France is doing is that they are buying peanuts, let us say, from North Africa, at a price say maybe a little higher than they can buy those peanuts here, and that is the form of aid that they are giving. It is not direct aid. I have been there. I have been there many times.

**Mr. GRAHAM.** I would not argue with you, sir. I am just quoting what they said.

**The CHAIRMAN.** You ought to be better informed on that than to make a statement that France is giving more aid to the people there than we are. I disagree violently with that.

**Mr. GRAHAM.** I said what I said—it is that even it costs more per capita, on that basis, than we are publicly doing. As I say, I do not necessarily agree with France on very many things.

I was in Germany last fall and was pleased at the amount of assistance that Germany is giving. This is more general than is that of the French. I know the French. It is very much directed to their former colonies only, and those really are a part of France today.

**The CHAIRMAN.** There is something else that people do not know about: It is true, as I have just said, France does subsidize agricultural products that are produced in Africa to help the colonies; but let us not forget that France owns in many of the former colonies, lock, stock, and barrel, many of the resources from which they obtain a good deal of those products. I know that. I have been there to see it. There is a lot of timber and the like, a lot of oil and other commodities that they would have to go on the open market to buy; but, in buying it from their own people and helping to develop it, France is far ahead of the procession. You do not see us doing that. That is why I say that France is more or less selfish about it. We are doing this from the heart, I think.

**Mr. GRAHAM.** I agree that most of theirs is selfish. Most of the things they do are. There is no argument on that. The fact is that the rest of the world did not come up to our offers in terms of helping.

**The CHAIRMAN.** That is what I am complaining about.

**Mr. GRAHAM.** Regarding the point that you made previously in terms of purchasing for cash by the countries which are receiving from us,

I think that their cash purchases should be in proportion to the amount of relief that they received from the United States.

The CHAIRMAN. What has happened in the past, in my humble judgment, is that because of the huge surpluses we have had on our hands and because of our soft-nosed policy we have been giving to everybody for the asking. It strikes me that we ought to begin to attach conditions. We have become, as I said, and I want to repeat, a residuary furnisher of supplies to many countries of the world.

Mr. GRAHAM. There is no question about that.

The CHAIRMAN. If they have any hard currency to buy food with, I want to see them buy a proportionate share from us with hard currency before we accept some of their local currency.

Mr. GRAHAM. Or just as a direct gift.

The CHAIRMAN. Yes, sir.

Mr. GRAHAM. You can get better figures and easier than we can, but we did understand there was some pretty hard bargains driven this last year with India, and that they are prepared to purchase more from us than they eventually did, because of the Suez Canal, which made it more difficult to get things to them. The west coast remained the same, but the east coast was affected.

P.L. 480 programs to dispose of surpluses ended as probably the best market development device ever used by any country. The major purchasers of U.S. agricultural commodities today were, all of them, at one time, recipients of food-for-peace programs. Let's just look at this list.

Japan, Spain, Israel, Korea, Taiwan, Iran, Brazil, Peru, and Chile.

I would add the Marshall plan aid to Europe and Japan and the European countries, especially Germany in feed grains, and France also, and to some extent the United Kingdom, which are the best cash customers we have.

After 14 years of successful operation, the question of the renewal of the war-on-hunger program which expires at the end of this calendar year, is before this committee, even though there is no bill which has been introduced for our consideration. All of us were aware of the calendar of events which requires this distinguished committee to render its judgment and offer its advice to the House of Representatives.

The Grange believes that the program should be continued. We believe that the restrictions and directions given to the program by this committee and the Congress in 1965 are adequate to increase the participation of the recipient countries and to minimize the cost of this Government.

What we are saying there, Senator, is that we think that the authority is in this legislation to do what you are saying to do now. Whether it is being used or not is something for this committee to render its judgment on. You have ways of indicating to the administration how this can be implemented, but I think the authority is there. Do you not?

The CHAIRMAN. Oh, yes. And from the information so far received, it has not been carried out. I am going to look into this specifically more when Mr. Freeman comes in.

Mr. GRAHAM. This is well within your province.

We would also point out that the agreement which was negotiated as a part of the Kennedy round should extend the participation of

other governments in this effort to prevent famine and the inevitable political disorder which follows it in many countries of the world.

We would not be prepared to argue with the committee if it wanted to make a careful evaluation of the administration of these programs and to suggest improvements in the distribution policies that would maximize the effectiveness of this program. Our own feeling remains that this should be largely an effort to assist the developing countries and the food-deficit nations to help themselves. Restrictions on the use of technical aid supplied by the United States should not be included, nor should this be cut back to other pressures upon our economy.

The stark, staring fact which remains before us is that if we are to prevent famine during this century when the world population will rise to more than 6 billion, there simply is no time to be lost, not even a month, in our efforts to harness the productive capacities of the food-deficit nations and to maximize their production.

Long-term research projects, such as those that have developed the IR 8 rice and the Sonora wheat, and which are now being used to develop pesticides, rodenticides, insecticides, herbicides, fertilizers, and improve seed varieties, simply must be continued because such research cannot be interrupted without losing most of the value of the previous research.

We approve the inclusion in the 1965 bill of the farmer-to-farmer concept or a Farmers Peace Corps, as it is sometimes called, and would support whatever legislation the committee would consider to see that this program is implemented and carried out.

At the other end of the line, we have been much impressed by the use of U.S food donations as capital to hire workers to do jobs that badly need to be done in the developing nations, especially when those jobs make a contribution to the development of the food production potentials of these nations.

Incidentally, we think that we would support the concept that when food is donated that as far as possible to use that capital and not as a trade donation.

**The CHAIRMAN.** Meaning to the host countries?

**Mr. GRAHAM.** To the host countries, if they used it to pay people, their people, to do work that needs to be done.

**The CHAIRMAN.** Somewhat like we had in Tunisia?

**Mr. GRAHAM.** Yes, sir; certainly.

**The CHAIRMAN.** I agree to that.

**Mr. GRAHAM.** Yes, sir.

We would note that, with the exception of the technical aid and assistance, that this money stays at home. We fail to understand the argument that the continuation of this program would contribute to an increasingly adverse balance of payments. In rebuttal to this, we would point out that the whole program could be killed and our balance of payments would still be unfavorable. The same could be said for almost all of our unilateral, or bilateral, aid projects.

The problem of the balance of payments is considerably more deep seated. A major problem was discussed by us at the time we presented our views on the report of the Council of Economic Advisers to the Joint Economic Committee.

And if the committee wishes, we will include that, but we have not included it here.

The extension of Public Law 480 in its present form with some minor changes which might be recommended by the committee or the Department of Agriculture in the administration of the legislation has a critical implication for our country and for the peoples of the world. If it was to bog down on the basis of unreserved selfishness on the part of the American people, then its adverse effect on the developing nations would be catastrophic. We have already severely restricted our aid program to them, and where they did not have administration of sufficient ability to carry out the programs, this restriction was justified.

I would note that you are in agreement, and since you have been there that there was only one nation in Africa that was considered to have administrative ability enough to do a really good job, and when they do not have this, it is pouring money down the rat hole.

The CHAIRMAN. Where did you hear that?

Mr. GRAHAM. I have heard it from some people from Africa.

I would submit to the committee that the decision to not build a steel mill is not quite the same as the decision not to supply food to avert starvation. Neither should the reluctance to extend Public Law 480 be equated with a seeming demand for the expansion of our arms aid to countries which have really little practical need for sophisticated weapons. The question of how we live on this planet should probably take priority over our attempt to find out what the moon is like during the long day and the long night.

At this point, I simply refuse to believe that the American people will not rise to the problems that face them if they are told honestly and candidly what these problems are. I even believe that they would accept the surtax without any political repercussions if the administration, the Congress, and the public figures in the United States would lay their cards on the table face up as to what it is that we face in this coming year.

The problem is not whether or not we have guns and butter; we obviously have to have both. The internal problems in the United States and the external problems which we, along with the rest of the free world, face around the world, are going to be with us for some time. The problem is whether we have butter and jam, both, in the private sector. The fact is that the average standard of living of American people is so high that it is almost ridiculous. The average American is unwilling to pay the extra tax simply because he has not been told how extremely critical this situation is. The administration was reluctant to really push a tax hike that was advised by the CEA last year, and there are a great many Members of the Congress and of the Senate who know that a tax increase is as inevitable as day following night but who are using the present time to dismantle programs with which they are in agreement. This can very well be the fate of this excellent and profitable program which we consider here today.

If we could have a 30-day moratorium on politics while this is being considered so that the needs of deprived people around the world could at least have a minimum level of satisfaction, if the alternatives of world hunger and chaos with its inevitable political convulsions which follow, if the basic economic wisdom of this investment

could be presented with the net value to our country in terms of markets which have been developed as a result of this program carefully catalogued, to say nothing of the fact that this is about the only way that an individual in our corporate society of 200 million people can effectively share with needy people around the world as we, as a nation, attempt in some measure to follow in the footsteps of the Good Shepherd, the gentle Jesus, then I believe this and other necessary programs of this Government could be funded, and would be, by the American people. They have not shown a reluctance to make sacrifices when sacrifices were demanded. The question which now remains unanswered is whether this Congress and the administration are going to ask for and expect these sacrifices and build support for this and other worthwhile programs by a candid appraisal of the problems and report to the people of the same.

This committee has not been unconcerned with this problem in the past nor do I think it will be in the future. So much of great import depends on your decisions. There is a real possibility that in this world's teeming populations, the number of people whose life or death will be determined by the action of this committee, is the equivalent of the total population of the United States. This fact cannot, and must not, be lightly dismissed.

**The CHAIRMAN.** Mr. Graham, as you remember, last year this committee debated as to whether or not the family planning provisions of the act should be voluntary or obligatory. Have you any views on the subject?

**Mr. GRAHAM.** I think we should, at least, make them available now. Beyond that, I have not the expertise on this to know whether we should make them obligatory or not.

**The CHAIRMAN.** In order to make more family planning available I made a suggestion in the bill that I introduced, that not less than 5 percent of the total sales proceeds received each year, shall, if requested by the host country, be used for the family planning work on a voluntary basis.

**Mr. GRAHAM.** I would not put that limitation on it. If they want to use 20 percent of their soft currencies, all right. I would not object to that, because they still have a lot of soft currencies and a lot of need for family planning.

**The CHAIRMAN.** They could do it if they desired to do so.

**Mr. GRAHAM.** Certain, they could.

**The CHAIRMAN.** With the funds that are made available.

**Mr. GRAHAM.** Certainly. We have so much money over there that we just might as well be using it for that and, probably, more effectively than to try to restore their economic situation with it.

**The CHAIRMAN.** You may have misunderstood my reading a while ago. It is not limited to 5 percent.

**Mr. GRAHAM.** Not less than 5 percent, yes. We would support that. There is no question about that.

**The CHAIRMAN.** Any questions?

**Senator YOUNG.** Thank you for a good statement.

**The CHAIRMAN.** All right. We will next call Mr. Norton.

Will you give your full name and identify yourself for the record?

**STATEMENT OF MICHAEL J. NORTON, DIRECTOR, SPECIAL SERVICES, AND M. R. GARSTANG, GENERAL COUNSEL, NATIONAL MILK PRODUCERS FEDERATION**

Mr. NORTON. Mr. Chairman and members of the committee. I am Michael J. Norton with the National Milk Producers Federation, and I am accompanied by Mr. M. R. Garstang, general counsel of the federation.

The National Milk Producers Federation, which represents dairy farmers and cooperative associations which they own and operate, appreciates this opportunity to express its views on Public Law 480—the food for peace program—and to generally support the various proposals under consideration by your committee which call for extension of the program.

From an overall standpoint, one cannot question the general effectiveness of Public Law 480. This program, through the distribution of agricultural commodities, has made an outstanding contribution in a number of ways. It has served to alleviate hunger throughout the world. It has served to promote U.S. foreign policy goals. It has bolstered our sagging farm economy by removing price depressing surplus agricultural commodities from domestic markets. It has been of general aid to the perplexing balance-of-payments problem. For these general reasons, there is no doubt that the program should be extended.

Foreign distribution programs, such as Public Law 480, are essential to the proper use of the productive ability of American farmers. It was felt by many, including the Federation, that the 1966 amendments to the Food for Peace Act would take proper advantage of this productive ability. It was our opinion that production for export under the food for peace program would no longer be limited to disposal of "surplus" but rather would be geared to the nutritional needs of recipient countries through the use of commodities determined to be available by the Secretary of Agriculture. It was felt that abandonment of the "surplus disposal" concept in the food for peace program signified the onset of an era of new hope and the prospect of prosperity for American farmers.

While this hope may have been realized insofar as some agricultural commodities are concerned, in the case of milk and dairy products, the months following the 1966 amendments witnessed a startling decline in the utilization of American dairy products in the Public Law 480 program. Apparently, the Secretary of Agriculture determined that dairy products were "not available" for, despite the abandonment of the "surplus disposal" concept, the use of dairy products in the food for peace program sagged to a level, which, in 1966, represented 0.76 percent of the total milk production. Use of dairy products in Public Law 480 during 1967 is reported to be even smaller.

The CHAIRMAN. You heard Senator Aiken's explanation of this?

Mr. NORTON. Yes, sir, we concur in that. The production of milk and dairy products in 1966 did more nearly fall into line with demand than in previous years, and stock of dairy products in the Commodity Credit Corporation inventory were at or near zero levels for butter, cheese, and nonfat dry milk. This led us to the conclusion that, despite the fact that the surplus-disposal concept was eliminated by the 1966

amendments, dairy products, at least, have been continued to be distributed on a surplus-only basis.

Consequently, the much heralded worldwide war on hunger was waged without an important weapon. Milk and dairy products are the best source of the high-quality animal protein which is essential to the diets of undernourished persons and are the most convenient food for meeting their nutritional requirements. Therefore, dairy products should unquestionably be a potent weapon in the food-for-peace arsenal. Nonetheless, this startling statistic exists and only relatively small amounts of dairy products have been utilized in the program in the last few years.

At another point in the history of the food-for-peace program, near elimination of milk and dairy products from the program would not have had such a significant effect on our domestic dairy economy. However, at the same time that utilization of milk and dairy products was at one of the lowest levels since the inception of the food-for-peace program, imports of dairy products into the United States were at record high levels. In 1966, for example, 2,775 million pounds of milk equivalent in the form of dairy products were imported into the United States. Most of these imports were in evasion of quotas established under section 22 of the Agricultural Adjustment Act of 1933. Imports during 1966 increased 229 percent over imports during the period of 1961-65.

While imports in 1966 were at alltime high levels, exports of milk and dairy products under the food-for-peace program amounted to only about 320 million pounds of milk equivalent. It is noteworthy that, in 1967, imports amounted to 2,855 million pounds of milk equivalent, a record of which American dairy farmers are not too proud.

**Senator YOUNG.** Are these imports of dairy commodities into the United States subsidized by the exporting countries?

**Mr. NORTON.** In many cases, they are, Senator Young. Some of the major dairy producing countries of the world subsidize their dairy industry, domestically, and through the use of subsidies or purchases make available on the world market at whatever price it takes to move their product. Prices for their dairy products in most cases are pre-significantly lower than our American prices.

**Senator YOUNG.** Isn't it true that they are also priced lower than they are sold to their own consumers?

**Mr. NORTON.** In many cases, this is true.

**Senator YOUNG.** That is the most unjust part of these increased imports.

**Mr. GARSTANG.** If I may, I would like to comment on that, Senator Young.

In studies in preparing our testimony before the Tariff Commission last year on this import problem, we found in many cases that the amount of the export subsidy paid by foreign dairy producing nations to their own farmers was more than double the actual price of the foreign commodity; in other words, in the case of butter, for example, the subsidy would be in excess of 50 cents. The selling price of butter for export into the United States would be less than 20 cents. There is an article on that in the current issue of Foreign Agriculture, published by the Foreign Agricultural Service of the USDA if I may comment on that. [Reads:]

France with an average domestic wholesale butter price of over 80 cents per pound [that is their local price] is reported to be delivering fresh butter to Lebanon, Beirut, at 29.5 cents per pound; storage butter is reported to be selling in Beirut as low as 13 cents a pound.

The Dutch with an average wholesale butter price [that is, the domestic price] of approximately 72 cents per pound are delivering fresh butter to Beirut for about 25 cents per pound, storage butter for about 15 cents per pound.

And we have had information in the last few days that the French are offering butter delivered in South America for around 12 or 13 cents per pound.

Mr. NORTON. For comparison purposes, our price support is 68 cents per pound, so you can see that the prices Mr. Garstang outlined are drastically below the price at which American producers can make butter available.

The CHAIRMAN. There is another idea here. If we reduce the price of our commodities, we could probably sell more to people instead of taking their soft currencies.

Mr. NORTON. That is a possibility. In fact, that is the only possibility insofar as dairy products are concerned.

Senator YOUNG. If we cannot get an effective quota on these imports, this would be one alternative.

Mr. NORTON. This would be an alternative method by which the imports—that is, the effect of the imports on our domestic market—could be diminished if a reasonable quota cannot be established.

The CHAIRMAN. The only difficulty, I presume, in handling commodities in that manner, is that, for example, in Lebanon, the 25-cent butter may be selling for about 75 cents. They have a big import duty on it. I do not know what it amounts to, but I imagine that they sell it for quite a bit more than the purchase price.

Mr. NORTON. This is true in the case of imports into the United States, Mr. Chairman. The price of the product that does come in, including the duties; that is, the landed value, is significantly below our domestic price. Despite this, the price at which it is sold is not much different at retail than the price of the domestic products. It is all profit.

Furthermore, preliminary 1967 figures indicate that relatively small amounts of nonfat dry milk and negligible levels of other dairy products have been exported under Public Law 480. Had distribution of milk and dairy products under the food-for-peace program continued at pre-1966 levels, the vast quantity of dairy products which was imported into the United States during 1966 in evasion of existing quotas would not have had such a drastic effect on the dairy farm sector of our agricultural economy.

This also leads me to the point that you brought out, Senator Young. It seems to me that it would be more worthwhile to divert products which would normally be imported into the United States into foreign aid, and Public Law 480 recipient countries, rather than bring them into the United States and further burden our dairy economy and the Federal Government with the transportation costs and so forth, that are involved.

These small amounts of dairy products were utilized under Public Law 480 despite the fact that income from dairy farming, including the sale of calves and cull dairy cattle, represents the second highest source of cash farm income to American farmers, bringing the average American farmer approximately 17 cents of his cash receipts dollar.

It would seem, therefore, that the food-for-peace program, as amended in 1966, has apparently not, insofar as milk and dairy products are concerned, been implemented as effectively as the Congress has intended. Unquestionably, the program has been operated as a surplus disposal program only.

It is our opinion that the time has come for a realistic reappraisal of the food-for-peace program from the standpoint of enlightened self-interest. I would like to add to your earlier comment, Mr. Chairman, during some of the previous testimony, that not only should food aid be geared to what other countries are willing to do, but we feel that the time has come to gear food aid to what it can do for our own agricultural economy.

One cannot question the humanitarian motives behind the objective of alleviation of starvation and hunger throughout the world. However, it seems to us that the prospect of American agriculture providing the tools for waging this worldwide war on hunger may become moot, if our farm economy continues to tread on the threshold of bankruptcy. American farmers cannot be expected to supply food and fiber to American consumers, much less the rest of the world, unless they are allowed to derive a fair return on their investment and labor.

American dairy farmers are in particular need of help, and if some of the changes which were made in the food-for-peace program by the Congress in 1966 would be properly implemented so that the surplus disposal concept is truly abandoned, the food-for-peace program could be of significant help in strengthening dairy farmers' economic position. However, to be of any meaningful benefit to dairy farmers, the food-for-peace program must be administered on a stable and dependable basis. False hopes should not be raised in the minds of American dairy farmers. If their product is to be used in the food-for-peace program, it should not be done so on a haphazard and sporadic basis. Dairy farmers must plan their production and make investments on a long-term basis and, by the same token, they are entitled to be informed of the use that will be made of their product on a long-term basis.

The Congress should, therefore, establish specific guidelines to enable the Secretary of Agriculture to determine which commodities should be used in the food-for-peace program as well as the approximate quantity of the commodity to be used. Definite quantitative requirements should be established on a long-term basis, and, as each year passes, program needs should be reevaluated and then extended, altered, or eliminated, but at least planned on a long-term basis.

**The CHAIRMAN.** As you know, we have this provision in the bill for self-help. If the program worked as we intended it would, it might be that within just a few years, the demands from some of these countries would be materially reduced?

**Mr. NORTON.** I would think, Mr. Chairman, that any results that may accrue under self-help plans would be made known to the administrators of the Public Law 480 program or would be apparent to the administrators of the program and that these factors could be taken into consideration in their reevaluation of the program requirements.

**The CHAIRMAN.** I know, but when you speak of long-term, I presume you mean 4 or 5 years.

**Mr. NORTON.** Yes, sir.

The CHAIRMAN. I do not see how this could be done, particularly when we say to a country that "the assistance we will make available to you is dependent upon how you proceed to help yourself." I do not see how that can be done. I do know this: It was my privilege to visit Pakistan and India last November and December. Great progress is being made in those countries in quite a few areas where production has increased by 40 and 50 percent. It is my hope that with added technical assistance, more fertilizers, more insecticides, and better seed, they will be able to be self-sufficient sometime soon. In fact, I hope that, anyhow.

Mr. NORTON. My point is not that these long-term plans should be irrevocable. It is not intended that the long-term requirements be fixed and totally unalterable, but that long-term requirements be estimated and announced, and then each year the tail end of the period of the program as set forth be reevaluated. The requirements as set forth could be reevaluated each year. This would provide farmers with enough advance announcement so that they could properly plan their own production. And if it appears that the results for self-help programs in particular countries, in which the requirements have been set, will be so successful that the requirements should be cut down or even eliminated, then it could be done, but it would appear to me, from my knowledge of the facts, that the results of self-help programs in countries would be known to the administrators fairly soon and they could plan, within 3 or 4 years, on this basis.

The CHAIRMAN. I think testimony given here by witnesses today and yesterday about the people doing more for themselves and the limiting of our gifts or donations and our sales is dependent upon certain things to be done by the country itself. Take, for instance, as I have said on many occasions, we have become a residual supplier for the world. They are looking to us, and what they obtain for hard currencies, they obtain from other countries. I would like our market to share in the hard currency purchases made by the countries we are helping if they do buy with hard currency from other countries.

Mr. NORTON. I think the United States is entitled to this.

The CHAIRMAN. Exactly what has happened in the past is that they use all of their hard currencies to buy all they can from other countries, and then come to us and use their own currencies to pay us off. That is why we have so much of it.

Mr. NORTON. Not only have we become a residual supplier but apparently a residual purchaser as well in many respects. And dairy is a prime example of this.

Furthermore, when requirements are established, the Secretary should proceed to fulfill them from Commodity Credit Corporation-held stocks or, if necessary, from open market purchases.

The Federation urges the Congress to direct the Secretary of Agriculture to make uncommitted stocks of dairy products held by the Commodity Credit Corporation available at world market prices for use in the food for peace program. As we mentioned earlier, it does not make sense to make products available at above world market prices because they cannot be sold. The Department of Agriculture, on January 9, 1968, announced that exporters would be entitled to purchase Commodity Credit Corporation-owned nonfat dry milk at 11 cents per pound, f.a.s. vessel, for use in title I sales under Public Law 480. This

ouncement is unrealistic since ocean freight rates are at such a level that nonfat dry milk cannot be made available in most potential Public Law 480 recipient countries for less than 13 to 14 cents per pound. Inasmuch as this price is three to four cents higher than the price at which other countries can make a nonfat dry milk available, it is obvious that there will be no substantial purchases of American-produced nonfat dry milk, even under the liberal credit terms of title I.

World market prices of milk and dairy products are significantly lower than American prices. This is because of the high cost of living to which the United States is committed and to the fact that several foreign nations subsidize their own dairy industry, thus making their dairy products available for export at whatever level it takes to move them. Under these circumstances, American dairy products cannot compete in world trade unless the Department of Agriculture makes Commodity Credit Corporation-held dairy products available at world market prices. If this were done, price-depressing surpluses would be eliminated and the storage costs which must be borne by the American taxpayer would be reduced or eliminated. Furthermore, dairy products could participate on an equitable basis in Public Law 480 and in world trade.

In order to be of significant benefit to American dairy farmers, dairy products must be utilized in all phases of Public Law 480. Dairy products are easily the best suited commodity to foreign relief feeding and other similar development programs. Dairy products should be the most important ingredient in foreign school lunch and child feeding programs. The Secretary of Agriculture should, therefore, be encouraged to make proper use of milk and dairy products in the entire Public Law 480 program.

Furthermore, despite the disparity between domestic dairy prices and world market prices, it is possible for some commercial foreign markets for milk and dairy products eventually to be developed. However, in order to develop such commercial foreign markets, the Department of Agriculture must utilize dairy products under title I of Public Law 480 on a regular basis. It is of little long-term benefit to the domestic dairy industry to sporadically utilize dairy products under title I or other provisions of Public Law 480.

In addition, in order to maintain the foothold which can be gained through title I sales, it is essential that the Department of Agriculture reinstitute a program of payment-in-kind or cash subsidy so that American exporters may continue to supply at world market prices, domestic dairy products in whatever form is desired by recipient countries.

The many objectives of the food for peace program can be furthered through increased use of milk and dairy products.

In the first place, the goal of improved nutrition for undernourished persons of the world can be pursued with the most nutritious product available.

Secondly, the substantial quantities of price-depressing surplus stocks of milk and dairy products presently held by the Commodity Credit Corporation could be eliminated.

The Nation's foreign policy interests can be furthered and the balance of payments problem aided.

Finally, the domestic dairy industry can be strengthened. Many of the Nation's dairy farmers are at the crossroads of economic decision. They have been faced for many years with economic injustice and inequality. They are going out of business in wholesale lots. They are selling their farms and herds. The American farmer who supplied his own needs and the needs of his family is a milestone of historical interest only. Today's dairy farmer, like all other individuals, must purchase goods and services in the marketplace at retail prices to fulfill his everyday needs. He must buy clothing, groceries, and automobiles like everyone else, and, in addition, must also keep abreast of constantly improving farm technology, with the result that costs of production continue to rise, while the return for his efforts seems to continually decline. The farmer cannot be expected to exist under such unstable, insecure conditions. The Federal Government must recognize the plight which faces the American farmer and take affirmative steps to aid him. Coupled with the Agricultural Act of 1949, which supports the price of milk and butterfat between the levels of 75 to 90 percent of parity, the Agriculture Marketing Agreement Act of 1937, which provides the mechanism under which the Federal milk marketing order program operates, and properly geared domestic programs, if properly administered Public Law 480 can provide a solution to this problem and can assure dairy farmers a fair return on their investment and labor.

The CHAIRMAN. That is a very fine statement.

Are there any questions?

Senator YOUNG. I was going to say the same thing.

You do the same effective job as our good friend, Pat Healey, and your father, Mike Norton, who also represent the National Milk Producers Federation.

Mr. NORTON. Thank you, Mr. Chairman.

The CHAIRMAN. All right, Mr. Hofer, identify yourself for the record, and give your full name.

#### **STATEMENT OF GLEN HOFER, EXECUTIVE VICE PRESIDENT, NATIONAL ASSOCIATION OF WHEAT GROWERS**

Mr. HOFER. Mr. Chairman and members of the committee, I am Glen Hofer, executive vice president of the National Association of Wheatgrowers. Our association, in annual convention at Wichita, Kans., recently voted unanimously for the extension of Public Law 480. Two wheat-producer-market promotion groups—Great Plains Wheat and Western Wheat Associates—have endorsed our association's resolution. That resolution reads, in part:

Public Law 480 provides machinery for a broad program popularly known as Food for Freedom, ranging from famine relief to long term dollar credit sales. This program is an integral part of U.S. foreign policy and its purposes and uses. In addition, it is directly related to foreign aid, and has been recognized as an effective use of U.S. commodities resulting in benefits to the U.S. economy at home and reducing U.S. dollar costs overseas. Wheat growers and the general public should continue to be informed of the value of the nation of the program.

Now, therefore, be it resolved that the National Association of Wheat Growers strongly supports the extension of the Food for Freedom program and the annual appropriation required to finance the various titles of this law; and that:

The costs of the program be separated to identify those expenditures that should not be properly charged to agriculture, such as, embassy maintenance, military procurement, etc., and make this information public knowledge;

Congress continue to make funds available for market development programs; Increased emphasis be given in Title 11 to "Payment of Wages with Wheat and Wheat Products" when need and opportunity exists;

Efforts continue to improve the status and therefore the effectiveness of U.S. wheat grower representatives abroad;

Funds generated by P.L. 480 be used to the maximum extent possible to construct port storage and handling facilities for wheat and wheat products.

The Farmer to Farmer exchange program be fully utilized as a part of the self-help features of the Food for Freedom program.

Other testimony before the committee has dealt with the broad humanitarian and ideological implication of Public Law 480. Perhaps we, as a commodity group, could serve best by focusing attention on the impact the program has on U.S. wheat and, in turn, on the economy of the entire country.

Since the inception of Public Law 480 in 1955, over 5 billion bushels of wheat have been exported from the United States under the authority of its various titles. That single statistic rates considerable enthusiasm on the part of the wheatgrowers, and we readily acknowledge that the concessional market furnished by Public Law 480 has been a major factor in the improvement of our wheat carryover position of 1.4 billion bushels in 1960 to a barely adequate carryover of 426 million bushels last June.

However, the National Association of Wheatgrowers does not support an extension of Public Law 480 on the simple fact of wheat disappearance alone. The wheatgrower is a U.S. citizen and a taxpayer as well as being a farmer, and we take pride in the role our country and our commodity has played in combatting human misery and starvation in the developing nations. We are happy when the concessional sale of wheat to a needy country generates local currency credits within that country which help offset dollar expenses our Government incurs there. (Over \$1.5 billion savings through use of Public Law 480 funds, 1955-67.) We are glad when the barter programs can provide materials, goods, and services (worth over \$500 million, 1955-67) to our Government abroad which would otherwise be a dollar drain. We are proud when export markets developed and serviced by Public Law 480 wheat become financially capable of converting to a cash market and start adding to the substantial contribution of a net of \$2.3 billion was earned in trade by agriculture—over 50 percent of the net trade balance of the entire U.S. economy.

We think those figures are significant, and we believe market impetus gained for U.S. agricultural products by Public Law 480 will continue to increase markedly. A quick look at the progress made in two countries in developing dollar wheat markets to replace Public Law 480 shipments gives an insight into some of the potential benefits inherent in extending the program.

An Asian country rapidly attaining solvency and with an exciting potential as a commercial wheat market is South Korea.

The following table shows that U.S. wheat exports to South Korea were only 381,000 tons in 1959-60 and that less than 10 percent of that quantity—32,000 tons—were for cash. Last year U.S. wheat exports had more than doubled—to 778,000 tons—while cash sales, including barter, had increased more than 10 times to 384,000 tons.

I might interject that the United States is furnishing 90 to 95 percent of that cash market.

(The table referred to follows:)

## U.S. EXPORTS OF WHEAT AND FLOUR TO SOUTH KOREA

[1,000 m/t wheat equivalent]

	Specific program						
	Title I	Title II	Title III (416)	Barter	Total program	Total cash	Total imports
1959-60	270.0	16.3	61.7	-----	348.0	32.6	380.9
1960-61	258.7	60.3	38.8	-----	357.8	4.2	362.0
1961-62	287.3	21.0	28.7	-----	337.0	25.9	362.9
1962-63	592.5	-----	28.7	7.0	621.2	46.0	667.2
1963-64	509.3	77.0	39.2	-----	632.5	78.3	710.8
1964-65	399.5	65.8	32.2	-----	497.5	17.2	514.7
1965-66	239.4	139.1	35.4	-----	413.9	26.5	440.4
1966-67	151.3	207.4	34.8	194.5	588.0	190.3	778.3

Note: Sec. 416 includes bulgur.

Mr. HOFER. Unofficial estimates for this year are placing total imports by South Korea at over 1 million tons, and this amount could triple within 5 years.

Brazil furnishes us with another example of a swiftly changing wheat market. In 1964, Brazil received 1.46 million metric tons of wheat under Public Law 480 as compared to 228,000 tons for dollars. In 1967, Public Law 480 wheat shipments of 475,000 tons were only one third of the 1964 level while dollar sales, including barter, more than tripled to 781,000 tons.

Those two markets are only examples from a long list of very promising commercial prospects, which include Taiwan, Israel, the Philippines, and Yugoslavia.

Of course, the emergence of these erstwhile concessional wheat markets as bona fide cash customers for wheat sets off a scramble among the rest of our competitor exporters. In most instances, however, the headstart afforded by the experience with Public Law 480 wheat gives the United States some built-in advantages. Purchasers and technicians are familiar with classes and qualities of available U.S. wheats. Promotional and sales personnel from the United States are acquainted with their counterparts in the market country. In many cases, but not always, there is a loyalty or feeling of moral obligation in the countries receiving Public Law 480 shipments which becomes apparent when they shift to cash buying. This is not to say that normal market factors such as price, credit, and reciprocal trade won't prevail eventually, but the initial advantage is to us.

In summary, the National Association of Wheat Growers strongly supports an extension of Public Law 480. Great Plains Wheat and Western Wheat Associates also strongly support extension so that their highly successful oversea efforts to increase U.S. wheat exports may be continued in the future.

We believe it has furnished the world's hungry their best hope against malnutrition and starvation.

We believe it has been an effective tool in international relations.

We believe it is furnishing an increasing amount of economic benefits to offset its cost.

We know its continuation is vital to our industry.

Thank you for the opportunity to express our views before this committee.

The CHAIRMAN. Thank you.

Are there any questions?

**Senator YOUNG.** I note that in your statement you state that when a country becomes accustomed to using our wheat through Public Law 480 that this is a great advantage in later making dollar sales.

**Mr. HOFER.** It has proved to be, I think very naturally. If they become used to our wheat in their grinds and the bakers become accustomed to the qualities that our wheat has, that the buyers know what quantities are available to the use of Public Law 480, then when they are buying for cash they are familiar with it, and if our people have done a good job in promoting and selling wheat they will come to us for cash sales quite often.

**Senator YOUNG.** Public Law 480 has been of great benefit to the wheat growers.

**Mr. HOFER.** It certainly has.

**Senator YOUNG.** Our exports of wheat are about three times what they used to be only 15 years ago.

**Mr. HOFER.** That is right.

**Senator YOUNG.** Much of this expansion is due to Public Law 480.

**Mr. HOFER.** Yes. I might say one more thing. We do not have any specific suggestions for any amendments, or things like that, but we do have an interest in a feasibility study that is being made by Mr. Lewis, which you will hear about in subsequent testimony. I just wanted to tell you that the wheat growers next week, when 80 of our leaders will be in town, will take a very close look at Mr. Lewis' suggestions, and if this committee would like, we would pass on the judgment we make at that time.

**The CHAIRMAN.** We will expect to conclude the hearings tomorrow and report the bill back to the Senate as soon as possible. It expires soon, as you know. We do not want to leave this for the last minute. Thank you.

Our next witness is Mr. Lewis.

Please identify yourself for the record and give us your full name.

#### **STATEMENT OF ROBERT G. LEWIS**

**Mr. LEWIS.** Mr. Chairman and members of the committee, I am Robert G. Lewis. Since 1961 I have held various positions in the Department of Agriculture relating to farm programs, international trade, and economic development. Recently I completed a special consulting assignment with the Agency for International Development in which I studied food and agricultural problems at first hand in India. I am now a consultant on these subjects in private practice in Washington.

I have a proposal to suggest today which, I believe, would make it possible for the United States to make significant and simultaneous progress against four major goals of national policy. In short, I believe it would be possible for the United States:

1. To increase its shipments of needed farm commodities under the "Food for Peace" program;
2. Thereby to strengthen the demand for and prices of farm commodities;
3. Without increasing the overall net costs to the Government; and
4. With the realization of some immediate hard-currency return on additional sales of farm commodities, thus improving the balance of payments of the United States.

I am now engaged in a study of the food-for-peace program. I have been commissioned jointly by a group of farm organizations, commodity producers' associations, and farm commodity trading firms, to seek to develop proposals through which the use of farm commodities as food for peace can be increased. My study is not yet complete, and I have not made my report to my clients. Therefore, I do not purport to speak for nor to represent anyone but myself in offering this proposal.

Before getting to the proposal itself, I would like to review briefly the extent of world need for increased food consumption, and the interests of farmers in the United States in securing an expansion of the food-for-peace shipments.

Half a billion people on earth today—nearly one out of five—need more food than they can get to eat. These hungry people, plus twice as many more, adding up altogether to half the human race, need to have more high-quality food in their diets in order to overcome the health-destroying, energy-depleting effects of malnutrition.

The main obstacle to using more of America's abundant food resources to meet this need has been the cost to the U.S. Government.

At present, food for peace shipments are sold for the currency of the importing country, or for long-term credits payable in dollars over long periods, and some are donated outright. The importing country currencies that are paid for the food can be spent only within the importing country, and in the main only by the U.S. Government. The commercial trading firms that export the food are reimbursed by the U.S. Government in dollars for the value of the food shipped, and the U.S. Government takes possession of the foreign currencies. In some countries, large amounts of these currencies in excess of the needs of the U.S. Government are kept frozen in its bank accounts within the importing country, unused and unusable.

In these circumstances, it is somewhat cheaper for the U.S. Government to reduce its food production by paying farmers to withhold some of their cropland from production than it would be to ship the equivalent additional quantities as food for peace. At present, these payments to reduce farm production amount to 60 percent or more of what it would cost the U.S. Government to provide an equivalent quantity of the commodities as food for peace to hungry people overseas.

The whole Nation's interest in human compassion, and in world economic and social development, is damaged by the cost barrier against making greater use of food for peace. Although the farmers' interests are specific and more direct, their stake merely parallels that of the general public.

Recent experience has shown how this cost barrier reduces the scale of food-for-peace shipments, with the parallel result of price and income disadvantages to U.S. farmers. The cost barrier is probably the central reason that the slump in farm prices in late 1966 and in 1967 was not reversed by shipping greater quantities of food to hunger areas. More food was needed, and more was wanted, and more would have been used constructively. There was famine in the world for the first time since World War II, threatening millions of human lives in India. But the unexpectedly large grain supplies were permitted to

burden the commodity markets, thus depressing farmers' prices and incomes in the face of vast unmet real needs for food.

The delayed action effect of this cost barrier needs to be explained for a full understanding of how it promotes the shrinkage of food for peace.

If the wheat and corn and sorghum grain and soybean oil that burdened domestic and world markets in 1967 had been drawn upon for increased food for peace shipments, reserve stocks would have needed to be rebuilt in 1968. The Government cost is less to let the 1967 surplus remain to hang over the market, and to pay farmers to withhold more of their cropland from production in 1968. Moreover, this also allows the cost to be postponed. The lower-cost and later-cost road is usually the path of least resistance, and that is the route that is more likely to be followed in Government, regardless of what administration may be in power. The peak of \$1.9 billion in the value of food for peace that was shipped from the 1956 crop has never been equaled since. Large-scale programs to pay farmers to withhold cropland from production have been favored since then for controlling surpluses.

This has been a route that spirals downward, relatively if not absolutely, for the farmers and for the hungry. Food-for-peace shipments are becoming smaller in relation to world need, in relation to total U.S. farm production, in relation to total U.S. Government spending. Farm prices are lower in relation to farmers' costs and in relation to the the prices of other goods and services. Farmers' incomes are lower in relation to total national income. And as long as the "cost barrier" stands against greater use of food for peace, the path of least resistance probably will continue to lead toward resisting the needs of the hungry, toward constricting the use of food for peace.

If a way can be found to break through the cost barrier, the down-spiral in the use of American farm products as food for peace can be reversed.

Suppose that shipping more food for peace in 1966 and 1967 would have saved money for the Government, instead of adding to its costs. The path of least resistance for the Government then would have been to say yes instead of no to the hungry, and to the farmers. The Government's innate bias toward the low-cost choice would have coincided with and reinforced all the other considerations that argued for expanding the shipments of food for peace. It would have shifted the initiative toward exporting more food, and away from the choice of preserving burdensome stocks so as to minimize the Government's replacement costs. Human hunger could become a far more active factor in demand, which it ought to be. The opportunity to make soft currency sales would have the same kind of appeal, although in smaller degree, than regular commercial business does.

And for the long run, supplying a bigger market today will generate a still larger market for tomorrow. If only food for peace can break through the cost barrier, it can turn the farm and food economy onto an upward spiral, toward a future in which demand will rise in closer harmony with rising human need, and in which food for peace can play the larger role in world economic development that recent studies indicate it can and should.

I wish to propose an amendment to Public Law 480 that would make it possible for the United States to ship larger quantities of food for peace without increasing overall costs to the Government.

The key principle of my proposal is that ways are devised whereby the U.S. Government could recover at least the additional costs that would be required for shipping farm commodities for use in hungry countries overseas, as compared to the costs of payments to farmers to not produce an equivalent volume of the commodities.

This is not as difficult a feat as it might seem to be. The key fact is that the U.S. Government, under the Farm Act of 1965, is already obligated to pay 60 percent or more of the cost of potential food-for-peace shipments whether they are ever produced or not. Uncle Sam needs only to get as little as 40 cents or less on a dollar's worth of food for peace to break even.

The estimate of 40 cents as the break-even point, as compared to the cost of paying farmers not to produce, is from the Department of Agriculture. My own investigations, as shown in the tables at the end of this statement, indicate that the break-even point may be considerably lower.

The United States is a great trading nation. Surely it is not beyond American ingenuity to devise ways by which food can be sold in a hungry world when its cost can be as little as 40 cents or less for a dollar's worth.

The proposal is that a new type of transaction be authorized under title I of Public Law 480 through which:

A. The local currency proceeds from sales of farm commodities would be sold by the U.S. Government, at competitive rates, to private individuals or firms, for restricted uses within the importing country.

The CHAIRMAN. Native people?

Mr. LEWIS. To private individuals, whether natives of the country or foreigners; Americans, Englishmen, Dutchmen, or anybody.

The CHAIRMAN. But those sales would be made at the current rates?

Mr. LEWIS. I propose that the sales be made just as a title I soft currency sale is now made, and that the soft currencies realized from the sale could be sold at a discount to private investors and other individuals who wished to use it for specified purposes within the host country.

The CHAIRMAN. And sold for what?

Mr. LEWIS. For hard currencies—dollars, francs, marks, pounds—whatever.

The CHAIRMAN. If I understand your proposal, it would lead to a full production of all of the acreage we have available in this country?

Mr. LEWIS. I believe, sir, that eventually it could.

The CHAIRMAN. Is that right?

Mr. LEWIS. I do not advocate that the supply-management programs be eliminated, except insofar as additional demand can be generated to develop uses for the food.

The CHAIRMAN. But your proposal, as I understand it, from the few sentences you have uttered just now, is that, instead of paying to keep land out of cultivation, your idea is to let the land be cultivated and that cost, of course, is actually assumed by the Government.

Mr. LEWIS. Yes.

The CHAIRMAN. Because it is paid, in any event.

Mr. LEWIS. Yes.

The CHAIRMAN. And then the additional incentive to produce, that production would be sold at a big discount?

Mr. LEWIS. In order to emphasize the interests of the farmers in this program, I would propose that it be explained from the other direction; first, demand should be expanded by selling larger quantities for the soft currencies which, in turn, would be discounted and sold at a discount.

The CHAIRMAN. You would have to assume that you would have a sale—and you have got to assume that the host country would agree to that.

Mr. LEWIS. Well, let us look at the 1966-67 situation as an illustration.

In the 1966-67 marketing year, there were quantities of grain in the U.S. market that depressed the farmers' prices. Farm prices went down significantly, because of the unexpected large crop in the world and in the United States. I would say that the proposed authority would have enabled the U.S. Government to have sold larger quantities of the grain that was available in 1967 for soft currencies, knowing that it could make enough off of the soft currencies at a discount to more than offset the cost of the grain that would have to be produced the following year.

The CHAIRMAN. Cost to whom?

Mr. LEWIS. The cost to the U.S. Government.

It now costs the U.S. Government at least 60 percent of the cost of shipping "food for peace" to pay the farmers for not producing the equivalent amount of the commodity. If we can realize 40 cents or more on a dollar's worth of the soft currency sales, then Uncle Sam breaks even or does better.

The CHAIRMAN. Of course, you will have to pay the 60 cents, you will have to continue to pay it on all of the land not in cultivation, or even in cultivation.

Mr. LEWIS. Yes. I believe, Senator, that it would be possible to realize more than 40 percent on the soft currencies, if not immediately, then after economic development begins to accelerate in the less developed countries, and so on.

The CHAIRMAN. I certainly feel it is apparent, from what you are proposing there, that the agreement would have to provide in white and black that we can dispose of the currency so as to attain the goal that you are speaking of.

Mr. LEWIS. As I will describe further on, I provide for exactly that.

B. The purposes for which the use of such currencies would be permitted would be specified in the sales agreement between the governments of the importing country and the United States. The general objective would be to avoid disruptive effects upon the economy of the importing country, and to avoid interference with usual marketing of farm commodities within the importing country by the United States and other exporters.

C. As a general rule, the uses which would be permitted would be those which would result in substantial increases in employment in the importing countries. New consumer buying power that is generated by creating jobs for the unemployed and underemployed in poor countries is used primarily to buy food, and a little clothing. This

increased demand for food would be offset directly by the food imported, so that the overall economic impact would be noninflationary.

D. The agreed purposes would stress also economic development, capital formation, and export development, thus contributing directly to the longrun ability of the country's economy to pay for its imports on fully commercial terms.

At present, title I of Public Law 480 authorizes sales of farm commodities for local currencies, but such currencies cannot be resold to private individuals or firms. It also authorizes sales on long-term credit with provision for repayment in dollars over long-term periods.

The CHAIRMAN. There is no limitation to the Cooley loan, is there? Why could not that be used?

Mr. LEWIS. It can be used, sir, and it goes part of the way, but experience has been that the discount in effect is not large enough to attract private investors to the degree that I think would be desirable, and to the degree that we can afford. We can afford a larger discount, up to a 60-percent discount on these soft currencies, and still have the U.S. Government come out ahead.

The CHAIRMAN. And when you say "discount"—let us say, in the case of India, for example—we have 12 rupees per dollar—

Mr. LEWIS. I believe it is about 7½.

The CHAIRMAN. I am assuming 12 as an easy figure.

Mr. LEWIS. Yes.

The CHAIRMAN. Twelve rupees per dollar. Now, when you speak of a discount, if I am a man who wants to go into business there—if I am an Englishman or a Frenchman or an American who wants to get these funds that we own—when you speak of discount, you will sell them at less than the current rate of rupees per dollar?

Mr. LEWIS. Yes, at less.

The CHAIRMAN. Do you think that the host country would agree to that?

Mr. LEWIS. I think it would be a problem, but I would like to deal with that later.

The CHAIRMAN. I think that is an insurmountable problem—an insurmountable problem—and I will repeat it—an insurmountable problem, because of my experience there.

Mr. LEWIS. I believe it can be surmounted, and I would like to describe the terms on which I think it can be.

The CHAIRMAN. Before you end your testimony, I would like to know how it would be under these contracts. These people are hard bargainers. They will take your eyeballs out if they can.

Mr. LEWIS. Well, sir, I think that we need to be harder bargainers than we have been, and I propose—

The CHAIRMAN. I agree with that.

Mr. LEWIS (continuing). That this program would give us a mechanism for making sales and for driving harder bargains, which would be better for both parties.

Unlike either of the present methods of title I sales, this proposal would enable the U.S. Government to realize some immediate return in dollars or other hard currencies on concessional sales of surplus commodities.

This would improve the balance-of-payments situation of the United States to the extent that the local currencies that were offered for sale would be purchased by investors from other countries.

Moreover it would enable American citizens to make investments in developing countries without affecting the U.S. balance of payments adversely.

The need to increase employment is of such critical importance in most of the less developed countries that it deserves the principal emphasis in our international economic policies.

Providing jobs for their enormous and swiftly growing populations is the most immediate and most urgent problem of the underdeveloped countries.

In many of the populous less developed countries today, as many as one-half or more of the working-age population have no jobs, or are so severely underemployed that they produce and earn almost nothing of value.

These huge hungry populations of unproductive, illiterate people often are regarded by the rest of us as a burdensome surplus. This all-too-common fault is the twin brother of another familiar failing, which judges our real and potential abundance of food in this hungry world to be also a burdensome surplus.

The truth is that this vast human resource, now mainly wasted, affords the greatest realizable opportunity that exists in the underdeveloped countries. There is in all of these countries a tremendous need for the kind of work that unskilled common labor can do—construction of elementary public capital of all kinds: Waterworks for irrigation, household use, and industry; sanitation facilities; roads and bridges and culverts; school buildings, and so on. All of these facilities can be constructed by labor-intensive methods, using materials that are available locally and at low cost in most areas.

And the people are willing to work, for wages barely high enough to enable them to buy enough to eat and to feed their families and a little clothing to wear.

**The CHAIRMAN.** In order to be able to attain this that you are speaking of now, where does the host country get the money?

**Mr. LEWIS.** The importing country?

**The CHAIRMAN.** Yes, sir, the host country. That is what I am talking about. In other words, what you are trying to do now is to sell what we get at a big discount.

**Mr. LEWIS.** Yes.

**The CHAIRMAN.** And thus obtain the consent, of course, of the host country. And then in the next breath you say that the host country could construct the sewage, they could construct this, that, and the other thing. The question is: Where would they get the money to do that with?

**Mr. LEWIS.** I propose, sir, that they get the money this way:

We will use, say, India as an illustration, where I have been and you have been and where the biggest single problem exists. I would propose that we would ship additional quantities, say, of wheat to India and sell it for rupees, and then we would sell those rupees at a discount to private investors, Indians, Americans, or Europeans, or anyone else who wants to buy them, allowing them to use those rupees for the purchase of municipal bonds which are issued to finance the public works activities. That is where India would get the money.

**The CHAIRMAN.** That would be rupees?

**Mr. LEWIS.** The bonds would be paid off on a long period of time to private investors.

The CHAIRMAN. In rupees?

Mr. LEWIS. In rupees, yes, sir.

The CHAIRMAN. That is another big hurdle.

Mr. LEWIS. It is a big hurdle.

The CHAIRMAN. You now have two big insurmountable hurdles, in my opinion.

The capability of the host country—I am just taking the negative on your proposition without studying it—you understand, just in trying to draw you out?

I have been in that country, and I know what the problems are, I think.

Mr. LEWIS. I understand, sir, what you are driving at, and I welcome the opportunity. My point is that we can afford to sell bonds to finance public works at a discount of up to 60 percent or more, and Uncle Sam can break even or do better.

The CHAIRMAN. I do not quite understand this. This would mean that the cost of your program, as I envision it, would not decrease?

Mr. LEWIS. It would not decrease immediately, that is true.

The CHAIRMAN. Is that correct? So we would be saddled with a program that might cost the Government anywhere from \$3 to \$4 billion a year.

Mr. LEWIS. I am comparing it to the present program that we now have.

The CHAIRMAN. We want to try to taper this off. We do not want to be spending \$3 or \$4 billion a year to serve India, or to serve anybody else. We have got to look to our own economy.

Mr. LEWIS. I believe that this proposal will enable us to expand permanent demand continuously, on an improving basis, and eventually on full commercial terms, for our agricultural commodities.

The CHAIRMAN. Yes; if you take the purchase price back in soft currencies and then discount them, I agree to that, that you could do it. But the program would cost, in my opinion, much more than that which you have contemplated.

Mr. LEWIS. No, sir; I do not think that it needs to cost more than the existing package of programs that we have. If we assume that that is what we are obligated to do now, then I think that we can make an improvement through this proposal which will improve the economies of the developing countries and do it in such a way that their commercial purchases can be increased.

Their hunger is the true barrier against productivity and progress. There are hundreds of millions of working-age men and women in the world who do not get enough to eat to enable them to work effectively or to think creatively. The visitor to India or Pakistan can see them everywhere, squatting in the dust of the city streets as they ply their pitiful and unremunerative retail trades, or plodding in their fields almost as thoughtlessly and unimaginatively as their bullocks and buffaloes. It is not unfair to say there are hundreds of millions of people who live at a subanimal level as compared to the livestock, say, in North Dakota, or Iowa, or Louisiana.

The CHAIRMAN. Off the record.

(Discussion was had outside the record.)

Mr. LEWIS. Malnutrition dulls their wits and stifles their initiative, enterprise, and invention. In the best of seasons they earn barely enough to sustain life at an animal level. And they are producing a new

generation of human beings who are stunted physically and retarded mentally by malnutrition, who are alienated socially and politically and psychologically from the hopes of the human race.

Shortage of food is the real barrier, also, that prohibits their governments from employing them in public works projects to construct the public capital—the roads, bridges, waterworks, schoolhouses, and so on—that would provide the needed basis for their countries' economic development. There simply isn't enough food in these countries to meet the demand that would result if large numbers of additional people were put to work. To put it bluntly, the shortage of food forces economic planners to choose, by default or by neglect if not by design, to leave millions of their people in idleness and low-level activity because they will not eat as much that way as if they had real jobs at hard labor.

I suggest that this amendment be called the food-for-work amendment. It would bring together the world's two great surpluses—of hungry people, and of unmarketable farm commodities—to generate productive human work. And it is human work and its products that are the true key to economic development, to progress, even to peace on earth.

This food-for-work amendment would give to the administrators of U.S. Government programs both a mandate, and a license, to engage in more aggressive efforts to sell American farm products. It would provide a kind of reciprocal bargain-sale trading scheme, in which we could exchange our surplus food for whatever of the most value we could realize from the products of the less developed countries' surplus of hungry, unskilled people.

Partly because of tariffs and other barriers to trade, the underdeveloped countries can't put their unemployed and underemployed people to work to earn enough to pay us the full price for our extra food and fiber, notwithstanding the urgency of their need. But possibly they can earn enough to pay something—perhaps enough to bridge the gap between what we would have to pay our farmers for producing less next year, and what it would cost us to ship them the extra food and fiber this year. Perhaps they might be able—after a while if not immediately—to pay even more than the break-even difference in costs.

The United States cannot sell its surplus food and fiber at the full price. But our country needs to get only 40 cents at the most on the dollar's worth in order to break even as compared to our present cost obligations.

If, for example, American investors—or Frenchmen or Germans or Englishmen or anyone else—can be persuaded to pay only as little as 40 percent, at the most, of a face value of local government bonds for financing public works projects in the developing countries, then the U.S. Government could furnish surplus food and fiber to make such projects possible, without adding to its regular budget costs. And the hard currency realized by the United States through sale of the bonds—or of the local currencies that would be used to buy the bonds—would directly improve our balance of payments.

The CHAIRMAN. At that point, what is the difference between the method that we have employed in the past in the administration of our program, where we are selling food in abundance to India and we say

to India, "We will take your rupees and then loan them back to you at three-quarters of 1 percent over 40 years"? What better advantage could a few people have who buy those rupees in India, to do what we are doing now?

Mr. LEWIS. The main advantage would be that the private investors could pay us in hard currency so that we could realize an immediate hard currency return on them.

The CHAIRMAN. Where would they get the hard currency from?

Mr. LEWIS. They would get it from France, or England, or Germany, for example.

The CHAIRMAN. How could they pay for the hard currency back with rupees?

You sell rupees to them.

Mr. LEWIS. There are foreigners who are now making hard-currency investments in India, not nearly as much as needed, but some are being made. I am proposing that a way be found whereby—

The CHAIRMAN. Of course, we have that already by selling those rupees at a 40 percent discount: is that it?

Mr. LEWIS. At a discount of up to 60 percent, but at no greater discount than needed in order to sell them.

The CHAIRMAN. In other words, let us say, to use a figure now of 12 rupees per dollar, that that is a going rate, let us assume, in India—it is not, but let us assume that it is. Your idea would be to get the Indian Government to agree to sell these rupees, not at 12 rupees per dollar but for more than that for a dollar?

Mr. LEWIS. To sell more rupees per dollar, yes, sir.

The CHAIRMAN. That is what you suggest?

Mr. LEWIS. 15 or 20 rupees for a dollar—but only for limited purposes which would be in the interest of the country, and which could be managed so as not to be inflationary, and so as not to disrupt the value of rupees for other purposes.

The CHAIRMAN. Thank you. Proceed.

Mr. LEWIS. Whatever private investors would be willing to pay above the 40 percent-or-less break-even point would enable the United States Government to cut its regular budget costs and to improve the balance of payments all the more.

The exchange of "food for work" under this proposal should be conducted for the most part within regular commercial marketing channels. It should be a goal of American economic development policy to promote the development and strengthening of commercial market systems in the developing countries, and this proposal can make an important contribution to doing so. The local currencies that are paid to the U.S. Government for food should be sold to someone who will use them to pay wages, mainly to unskilled laborers, who would spend their earnings in the marketplace primarily for the purchase of food and clothing. In India, according to United Nations studies, families whose earnings are at the "common labor" level spend 90 percent of their incomes for food, with much of the remaining 10 percent spent for clothing.

Here are some illustrations of the kinds of uses that should be permitted of the local currencies to be sold to private investors at competitive rates:

1. For the purchase of bonds issued by the municipal or other governmental units of the importing country for financing labor-intensive public works, including basic public capital such as roads, water and sanitation facilities, school buildings, and the like.

2. For specified types of business investment within the importing country, particularly such as would result in generating maximum employment of labor in the construction or operation or both of new facilities. As a usual rule, investments of local currencies purchased under the proposed program would need to be accompanied with some dollar or other hard-currency investment as well.

The CHAIRMAN. Who would put that up?

Mr. LEWIS. The private investor.

The CHAIRMAN. I am just wondering where you are going to get all of that. And all of that, you say, would be repaid to him in rupees. I just cannot follow that. I just cannot see people being that foolish.

Mr. LEWIS. At the present time, investors—that is, private investors—Europeans and Americans—are investing hard currencies to buy rupees in order to hire labor and to buy materials, many of them imported, to build factories, and so forth.

The CHAIRMAN. You do know why, do you not?

Mr. LEWIS. To some extent they get assistance from AID, but there is considerable private investment as well.

The CHAIRMAN. Yes, and because of another point: that the Government insists on these rupees being purchased from it in order to pay labor.

Mr. LEWIS. Yes, sir.

The CHAIRMAN. And you do not buy rupees at any less than what they are issued for to anybody else. Do you?

Mr. LEWIS. No, sir.

The CHAIRMAN. Of course, you do not.

Mr. LEWIS. But here is a way whereby you can get additional employment beyond what would be possible at the official rate of exchange, and thereby generate additional demand and consumption.

The CHAIRMAN. Well, my dear sir, we now have in India at the moment, as I recall—

Mr. LEWIS. It is close to a billion dollars worth of rupees.

The CHAIRMAN. Close to a billion dollars worth of rupees which could be converted the way you say, and we cannot even do that, because the local government will not permit it.

Mr. LEWIS. I think that there is a very fundamental difference. The food that was sold, which generated those rupees now in the United States Government's account in India, has already been consumed. If that money were returned to circulation, it would be purely inflationary. But what I propose is that additional food be supplied, and that the proceeds of the sales of that food be used to employ labor to create additional demand simultaneously. Now, here are some more illustrations of how the currencies that would be sold could be used:

3. For the purchase of specified labor-intensive goods for export to the United States and other markets.

4. For use by tourists for purchases of goods and services in the importing country in addition to the amounts they normally would spend.

5. For use by students from the United States to cover all or part of their room and board and other consumption expenses while attending colleges or universities or engaging in research work in the importing country.

The CHAIRMAN. That is one of my amendments.

Mr. LEWIS. Yes.

It needs to be stressed that the new method proposed here for selling food and fiber under Public Law 480 is by no means claimed to be a substitute for other farm adjustment and foreign aid programs, nor even for the present sales methods authorized in title I.

This is merely an extra tool—a tool that shows much promise for contributing to the tasks of feeding the hungry, and of stabilizing and improving the American agricultural economy. A general framework of farm adjustment programs will be needed for some time to come.

Nevertheless, the only real hope there is on earth for the farmers of America to escape from the price-depressing burdens of surplus agricultural production capacity is for the enormous and swiftly growing populations of the less developed countries to get jobs and buying power.

Shifting the farm surplus from the commodity warehouses, where it was visible during the 1950's, back into vast acreages withheld from active production, does not escape its depressing burden upon farmers' prices.

The experiences of 1966 and 1967 proved that. The surplus above ground was gone. But the surplus below ground squelched the farmers' hopes for prosperity.

This "food for work" proposal will, in the short run, remove the cost barrier against action to expand farm commodity exports when short-run supplies become a depressing burden on prices. In the long run, it will promote economic development and buying power for food and fiber, while enabling suppliers of American farm products to get in on the ground floor in the growing new markets.

This special interest of America's farmers coincides with the national interest of the United States. As the world's greatest food and fiber exporting nation, the United States has no economic goal that is more vital than to promote the creation of jobs for the enormous and swiftly growing populations of the less developed countries, thus expanding their ability to pay for the food they need.

It is only fair to say that there is likely to be resistance to the proposed "food for work" transactions from some of the less developed country governments.

Unfortunately, not all governments place high premiums upon providing jobs—or even food—for their poor citizens. Not all governments truly sympathize with the goal of economic development and progress for their people.

Some governments would prefer to go on as they have in the past, selling into their domestic markets the food and fiber that is imported under title I, and using the proceeds for meeting regular expenses of their governments, instead of raising the needed revenues through taxes. Objections on such grounds should be accepted only rarely, if ever, by the U.S. negotiators.

Some developing country governments might balk at allowing their currencies to be sold at a discount even for strictly limited purposes that would not undermine the value of their currency for normal trade.

U.S. negotiators, in such situations, should apply their best talents as salesmen to persuade the potential buyer of the benefits that such transactions would accord to the country and its people.

There may be some misapprehensions about additional imports of food for work on the part of local farmers, or the governments of other farm-commodity-exporting countries. However, the fact is that the proposed food-for-work transactions would result in no real disadvantage to other farmers, because these transactions would create directly the additional demand for food and fiber that would absorb the added supply. The proposed food-for-work transactions, in fact, would be considerably easier to defend from criticism on such grounds than the present food-for-peace operations.

To summarize, this proposal would make it possible for the United States to ship larger quantities of food for peace without increasing the overall costs to the Government.

This would achieve these outstanding advantages:

The U.S. balance of payments would be better off, because some immediate return in dollars and other hard currencies could be realized from title I sales of American farm commodities.

U.S. taxpayers would be better off, because smaller government expenditures would be sufficient to maintain a given level of protection and support of farm prices and incomes.

U.S. farmers would be better off, because, at a given level of Government expenditures, the demand for farm commodities could be increased, and farm prices and farmers' incomes would be strengthened accordingly.

U.S. farmers would be better off, also, because the proposed program would help to build permanent commercial markets for American farm products. If American farm products are kept out of these developing markets through the operation of diversion programs, market development will proceed much more slowly, and farmers in other countries will enjoy a headstart in serving them.

The Government payments to farmers for diverting cropland from production are substitute income, which merely replaces, in whole or in part, the income that the farmer would earn from the land taken out of production if instead he were to grow and to market a crop.

The hungry countries would be better off, because they could obtain additional quantities of needed food, thus making it possible for their now undernourished citizens to work productively, and to prevent the physical and mental retardation of their children that is now being caused by malnutrition.

The farmers of the hungry importing countries, and of other food-and fiber-exporting countries, would be better off, because the program would insure that there would be an immediate increase in food and fiber consumption to offset the increase in food and fiber imports, thus protecting normal markets and price levels while reducing the world surplus.

The whole world would be better off, because total world consumption of food and fiber would be increased, thus improving the level of human physical and mental health and well-being, and increasing the amount of productive work done to promote economic development. This alone can lead to real ability to pay on commercial terms for future food and clothing and other needs.

(The attachments to Mr. Lewis' prepared statement are as follows:)

## 10-YEAR CHANGES IN TOTAL AND HUNGRY POPULATIONS

[Population in millions]

Region	July 1955	July 1966	Increase	
			Number	Percent
<b>Less developed world:</b>				
Latin America	187	253	66	35
All Asia, less Japan and mainland China	824	1,059	235	28
Mainland China <sup>1</sup>	602	710	108	18
Africa	248	318	70	28
Total, less developed regions	1,861	2,340	479	26
Total, less developed regions excluding mainland China	1,259	1,630	371	30
Estimated number of persons hungry (not sufficient food quantity), excluding mainland China	252	326	74	30
Estimated number of persons malnourished (not adequate food quality), excluding mainland China	755	978	223	30
<b>Economically developed world:</b>				
North America (United States, Canada)	184	217	33	18
Europe	407	449	42	10
U.S.S.R.	198	233	35	17
Japan	89	99	11	9
Oceania	14	18	4	28
Total, developed regions	892	1,016	124	13
<b>World totals:</b>				
Population	2,753	3,356	603	22
Estimated number of persons hungry (not sufficient food quantity)	413	503	90	22
Estimated number of persons malnourished (not adequate food quality)	1,300	1,600	300	22

Sources: Population Reference Bureau, Washington, D.C., and The World Food Problem, Report of the President's Science Advisory Committee, vol. II, The White House, May 1967. (Estimates of hunger and malnutrition, based on the latter, are imprecise.)

<sup>1</sup> Population data for mainland China are from official United Nations sources. Unofficial estimates for 1966 range from 700,000,000 to 950,000,000.

## ADEQUACY OF NUTRITION BY LEVELS OF INCOME, RURAL SOUTH INDIA, 1958

Item	(A) Status of 77 percent of rural population of south India	(B) Approximate level of income of common laborers in public works	(C) Other
Per capita expenditures for food per month.	Rs 0 to Rs 8 (0 to \$1.06)	Rs 8 to Rs 11 (\$106 to \$1.46)	Rs. 24 to Rs 34 (\$3.19 to \$4.52)
Calories consumed per capita per day	1,120	1,560	2,530.
Daily per capita reference standard, calories	2,300	2,300	2,300.
Protein consumed per capita per day (grams)	31	45	72.
Daily per capita reference standard, protein (grams)	60	60	60.
Per capita consumption as percent of daily per capita reference standard:			
Calories	48 percent	68 percent	110 percent.
Protein	51 percent	75 percent	120 percent.
Family (6 persons) expenditures for food, per month	Rs 0 to Rs 48 (0 to \$6.38)	Rs 48 to Rs 66 (\$6.38 to \$8.78)	Rs 144 to Rs 201 (\$19.14 to \$27.12).
Total family (6 persons) income per month, assuming 90 percent used for food at incomes under Rs 100 per month.	Rs 0 to Rs 53 (0 to \$7.05)	Rs 53 to Rs 73 (\$7.05 to \$9.71)	Rs 160 or more (\$21.28 or more).
Increase in calories consumed above lowest income level (col. A)		39 percent	126 percent.
Increase in protein consumed above lowest income level (col. A)		45 percent	132 percent.

Sources: "The World Food Problem", vol. II, report of Panel on the World Food Supply, President's Science Advisory Committee, the White House, May 1967, pp. 43-44; "World Food Budget, 1970," Economic Research Service, U.S. Department of Agriculture, October 1964.

COSTS TO U.S. GOVERNMENT OF PAYMENTS TO FARMERS FOR WITHHOLDING CROPLAND FROM PRODUCTION COMPARED TO EXPORTING EQUIVALENT QUANTITIES OF WHEAT OR FEED GRAINS UNDER TITLE I, PUBLIC LAW 480, 1962-66

	1962	1963	1964	1965	1966
Total acres diverted under Government programs (millions)	64.8	55.7	54.9	55.9	62.5
Total payments to farmers on condition of diverting cropland from production, excluding wheat certificates (millions)	\$1,440	\$1,382	\$1,541	\$1,638	\$2,341
Total cost to U.S. Government to export wheat under title I, Public Law 480 (dollars per metric ton) <sup>1</sup>	\$83.38	\$88.89	\$86.69	\$73.84	\$76.63
Production of wheat on all diverted acres, assuming yields of $\frac{2}{3}$ national average (million metric tons)	29.5	25.5	26.2	27.3	29.8
Cost of payments for diversion, per metric ton of assumed production of wheat	\$48.81	\$54.19	\$58.82	\$60.00	\$78.56
Cost of payments for diversion as percent of cost to export wheat	59	61	68	81	102
Total cost to U.S. Government to export feed grains at ratio of 2 corn to 1 sorghum under title I, Public Law 480 (dollars per metric ton)	\$49.51	\$50.70	\$52.68	\$54.20	\$54.09
Production of feed grains on all diverted acres, assuming $\frac{2}{3}$ national average yields of grain crop diverted or of most productive grain alternative (million metric tons)	47.9	42.5	42.9	51.4	56.8
Cost of payments for diversion per metric ton of assumed production of feed grains	\$30.06	\$32.52	\$35.92	\$31.87	\$41.21
Cost of payments for diversion as percent of cost to export feed grains	61	64	68	59	76

<sup>1</sup> Export prices f.o.b. gulf ports, No. 2 HW (ORD) wheat, "1967 World Wheat Statistics," and "Review of the World Wheat Situation, 1966-67," International Wheat Council, London, plus export payment, as reported by USOA.

Source: U.S. Department of Agriculture data.

OPERATING RESULTS OF GOVERNMENT-FINANCED FARM COMMODITY EXPORTS AND ACREAGE DIVERSION PROGRAMS, 1955-68

Year	Acres idled by farmers as basis for Government payments (millions)	Estimated yield of grain from idled acres if grown and harvested (million metric tons) <sup>1</sup>	Market value at farm if crop of grain had been harvested from idled acres (millions) <sup>2</sup>	Payments to farmers agreeing to not produce crops on idled acres (millions) <sup>3</sup>	Value of U.S. farm commodity exports under Government-financed programs, fiscal year ending June 30 <sup>4</sup>
1955					\$835
1956	13.6	8.0	\$405	\$261	1,339
1957	27.8	15.0	654	654	1,919
1958	27.1	19.6	864	810	1,209
1959	22.4	11.3	464	324	1,227
1960	28.7	15.9	625	367	1,283
1961	53.7	41.4	1,762	1,104	1,503
1962	64.7	48.5	2,101	1,440	1,570
1963	55.7	42.5	1,825	1,382	1,480
1964	54.9	42.0	1,901	1,541	1,518
1965	55.9	52.0	2,230	1,638	1,697
1966	62.5	56.6	2,785	2,341	1,616
1967	39.9	39.4	1,661	2,001	1,578
1968 <sup>5</sup>	55.8	59.5	2,977	2,231	1,499
Total <sup>7</sup>	560.8	451.7	20,254	16,094	20,273

<sup>1</sup> Computed at  $\frac{2}{3}$  of U.S. average yields per acre during year of each crop to which reductions in acreage harvested are attributed, and of projected yield for 1968. An equivalent based on average yields of corn during years is shown for acreage diverted from cotton; and an equivalent based on average yields of oats during year is shown for "other cropland" diverted primarily from tame hay, and some soybeans, flaxseed, dry edible beans, rice, and tobacco.

<sup>2</sup> Estimated yield times U.S. average price per ton received by farmers for corn at the farm during the year, and projected price for 1968 equal to actual prices received by farmers for corn in 1966. Prices of the various grains, including the price of wheat less certificates, usually average close to the price per ton of corn.

<sup>3</sup> All payments to farmers conditioned on their agreement to withhold designated farmland from production during the calendar year (corresponds generally to crop year). Wheat certificate payments are excluded because they may be paid even if no diversion requirement is in effect.

<sup>4</sup> ERS-Foreign 202, and ERS-Foreign 206, Economic Research Service, U.S. Department of Agriculture.

<sup>5</sup> Data for 1968 based on or inferred from announced U.S. Department of Agriculture intentions and projections, particularly press release USDA 12-68, Jan. 2, 1968. Payments under feed grain and wheat programs are assumed to equal payments made for diversion from corn and sorghum, and for wheat, respectively, in 1966. Cotton program payments are assumed at 80 percent of 1967.

<sup>6</sup> Official data not available for fiscal year 1968. Projection for 1968 based on applying 5-percent reduction reflected in budget estimate to the total for the previous year.

<sup>7</sup> Minor discrepancies in totals are due to rounding.

Sources: U.S. Department of Agriculture data except as noted.

PRODUCTION, WORLD TRADE, ADDITIONS TO STOCKS, AND RESULTS OF MEASURES OF THE UNITED STATES TO CONTROL SURPLUSES IN GRAINS: 1960, 1965, AND PROJECTIONS TO 1980

[In millions of metric tons]

	Year and item	United States	World
1960:			
Production <sup>1</sup>	178.0	827.0	
World trade <sup>2</sup>	29.5	66.3	
Additions to stocks <sup>3</sup>	11.8	12.2	
Production avoided <sup>4</sup>	15.9		
Total annual world grain surplus equivalent <sup>5</sup>	28.1		
1965:			
Production <sup>1</sup>	179.0	881.0	
World trade <sup>2</sup>	49.4	107.0	
Additions to stocks <sup>3</sup>	(20.9)	(26.5)	
Production avoided <sup>4</sup>	52.0		
Total annual world grain surplus equivalent <sup>5</sup>	25.5		
1980:			
Production <sup>6</sup>	315.0	1,381.0	
World trade <sup>6</sup>	110.0	175.0	
Additions to stocks <sup>7</sup>		62.8	
Production avoided <sup>8</sup>	61.2		
Total annual world grain surplus equivalent <sup>5</sup>	124.0		

<sup>1</sup> "World Agricultural Situation," ERS, U.S. Department of Agriculture, Washington, D.C., Feb. 20, 1968.

<sup>2</sup> Ibid. Exports of wheat and feed grains only. Annual exports of rice and other food grains are small, amounting to only 2,000,000 to 3,000,000 tons, and are not reported in this series.

<sup>3</sup> Ibid. and Agricultural Statistics 1967, U.S. Department of Agriculture. "Additions to stocks" is the amount of increase (or decrease) in carryover into the succeeding year.

<sup>4</sup> Based on U.S. Department of Agriculture sources. Assumes 2/3 of national average yield of grain crop diverted or most productive grain substitute crop, on total cropland withheld from production in Government programs.

<sup>5</sup> Sum of world "Additions to stocks" and "Production avoided" during year. This reflects the total world grain production capacity for the year that is in excess of current demand for market and for food aid.

<sup>6</sup> "World Food Situation," FAE Report No. 35, ERS, U.S. Department of Agriculture, Aug. 22, 1967, table 9.

<sup>7</sup> Ibid. Amount shown in tables 9 and 10 as excess of world production over world consumption is assumed to be added to world stocks. Data shown are from the "Rapid Improvement in Production" alternative basis for projections to 1980, inasmuch as it is based on a 4 percent annual increase in grain production in the developing countries, which was cited as the policy goal of the U.S. Government in administration testimony on the food-for-freedom bill in 1966. No attempt is made to allocate a share of this projected world grain surplus for 1980 to the United States. However, only the United States and Canada have carried out programs to withhold annually produced stocks from immediate marketing (except for "pipeline" stocks) and only the United States has paid farmers to withhold cropland from production.

<sup>8</sup> The projection for 1980 of "Production avoided" is computed as 2/3 of the projected national average production per acre of grain, based on table 9, "World Food Situation," ERS, U.S. Department of Agriculture, Aug. 22, 1967, times the acres assumed to be withheld from production in 1980. The acreage withheld from production in 1980 is assumed to be the difference between the 186,000,000 acres projected harvested acreage of grain for 1980, and the sum of the averages for 1961-65 of harvested acreages of grain plus acres diverted under farm programs.

The CHAIRMAN. Thank you. I have enjoyed discussing this with you. I apologize if I made some statements that are not in line with your thoughts, but I think that I get your point, and, if I may say it, it is my belief that what you are trying to do is to get as much of the land in this country in cultivation as possible—is that not the end result of what you are proposing?

Mr. LEWIS. That would be one result and would be one of my objectives. The basic purpose of producing food is human consumption. That is a very important purpose, for us as well as for the other countries, and for the world, and increasing the consumption of food is in the direct interest of the farmers, and I don't think the farmers need to apologize to anyone for wanting that.

The CHAIRMAN. I get the point. Thank you.

Mr. LEWIS. Thank you.

The CHAIRMAN. Mr. William Paddock. Identify yourself for the record; give us your name.

## STATEMENT OF DR. WILLIAM C. PADDOCK

Mr. PADDOCK. Thank you, Mr. Chairman, and members of the committee. My name is William C. Paddock. I am a consultant in tropical agricultural development and have coauthored two books on the subject of world agriculture and food problems including Public Law 480: "Hungry Nations and Famine—1975."

I appreciate this opportunity to appear before you to explain my views.

I am against the current food-for-freedom bill.

I am not against food aid nor do I advocate curtailing food shipments.

But I am against the current bill because there is no evidence that its contribution toward combating hunger and malnutrition will be any greater than its predecessor bill—and that has been minimal. I am also against the bill because it is not being considered as a part of an overall, coordinated U.S. attack on the world food/population crisis. I see in it a dissipation of our agricultural strength in brush fire engagements in the war on hunger.

First, let me say that I speak here for no organized vested interest—and few bills before Congress have stimulated more vested interests than has this one. I represent no church group, no voluntary agency, no agribusiness. My vested interest is that of a private citizen who wants our food-aid program to be more effective in the future than it has been in the past.

My views are derived from my 18-year experience of living and working as a trained agriculturalist in and with the developing countries. I have written extensively on what must be done in order for the hungry nations to move their stagnant agriculture. My first article on the food problem, entitled "Can We Make the World Feed Us All?" was written in 1952 for the Saturday Evening Post and was inspired by this committee's deliberations on whether or not to send India 2 million tons of grain. That was 16 years ago.

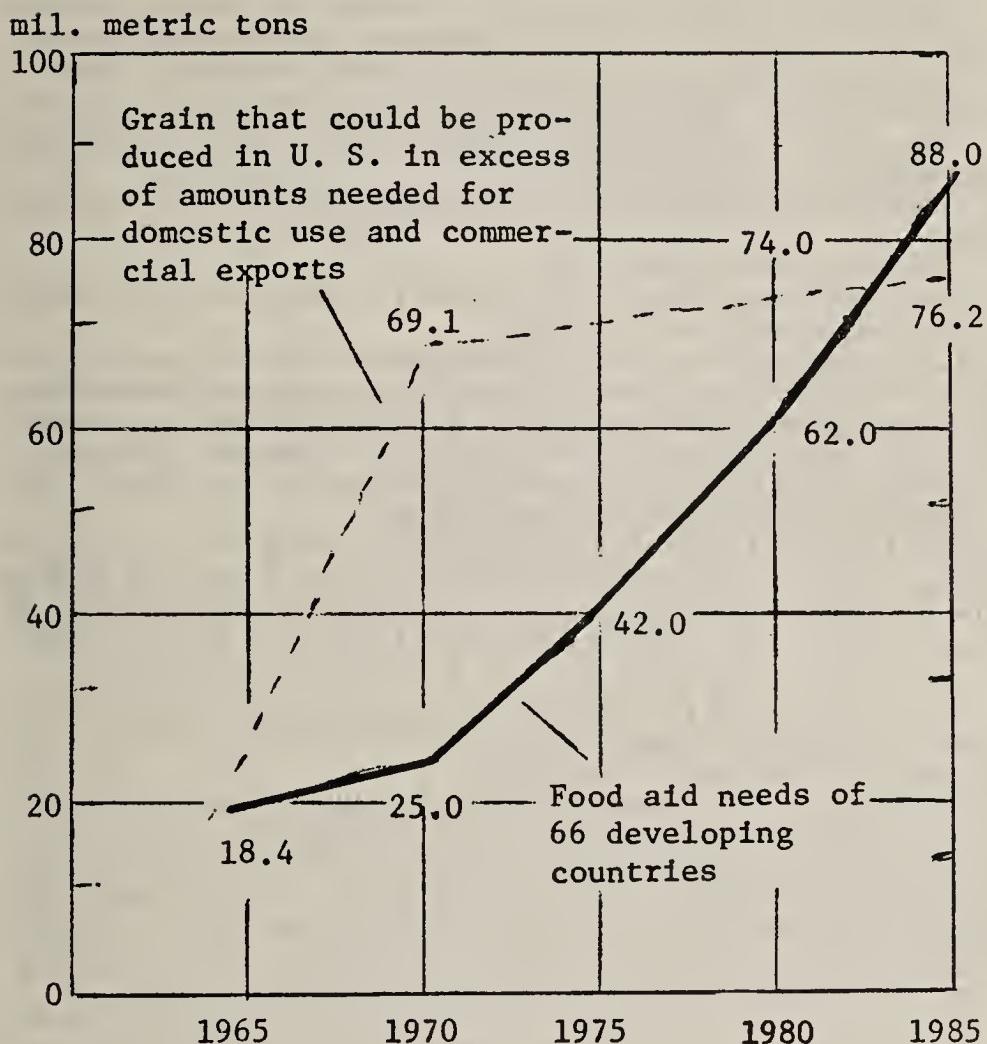
The bill which is here being considered for a 3-year extension is different from the original Public Law 480, passed in 1954 when our surpluses were such a serious problem. The Commodity Credit Corp. investment jumped in 1954 to \$6 billion, in contrast to \$3.4 billion in 1953 and Congress was forced to take action of some kind to get rid of the surpluses. The result was Public Law 480.

In 1966, however, our agricultural surpluses were nearly exhausted and no food-for-peace bill, based on surplus commodities, was possible. Therefore, Congress removed the surplus concept in the old bill.

In 1966 you were told that we were losing the battle against hunger. You will recall the following graph presented during your 1966 hearings by Secretary Freeman.

(The graph referred to follows:)

**U. S. Availability of all Grain for Food Aid and  
Food Aid Needs of 66 Developing Nations, 1970-1985**



Mr. PADDOCK. At those hearings the Secretary of Agriculture said that "the point at which the lines cross signifies the onset of disaster. By 1985 there would be no way to fill the (food) gap."

The information given this committee then was that Public Law 480 was not doing much of a job in alleviating the world food problem. In fact, the Secretary told you that "the world situation in terms of food needs is much more alarming today than it was 12 years ago," or, in other words, before passing Public Law 480 in 1954 and shipping out \$15 billion in food under it.

Thus, if Public Law 480 was to be continued, it had to have a new look.

"Self-help" was that look.

"Self-help" was to be, in the Secretary's words, the "only way to insure victory in the war on hunger."

Let me say that there was, at that time, and still is, nothing new about "self-help." It has been a factor in our foreign aid efforts from the very beginning. For example, the Public Affairs Institute in 1950, writing about President Truman's Point IV program, published a booklet entitled "Helping People Help Themselves" which had a section entitled "Self-help in the Sub-continent."

Furthermore, I have read the publication which was presented to this committee as evidence that self-help is the key to success in feeding the world. But in that publication, "Changes in Agriculture in 26 Developing Nations, 1948-63" (Foreign Agriculture Economic Rept. No. 27, Economic Research Service), I can find no such evidence.

In the portion of the 1966 hearings which I have studied I have seen where witnesses were asked: What is new about self-help? but find no specific answer to the question.

The 1966 bill was passed with the understanding that self-help was to be a criterion which would be used to decide which countries would and which ones would not receive our food aid. But undefined self-help can be no such criterion. I know of no country on this planet which does not wish and does not, in fact, attempt to help itself. Certainly, though, few countries are completely successful in using sound judgment as to how to develop their agriculture, our own included.

If the testimony before this committee follows the pattern of the testimony presented to last week's House Agriculture Committee, you will be given a far more hopeful picture about the world food needs than you were given 2 years ago.

The use in India and Pakistan of the new Mexican wheat and Philippine rice varieties brings hope.

You heard them mentioned earlier this morning.

The CHAIRMAN. I have it in my report. I was in India and Pakistan in November and December of last year.

Mr. PADDOCK. You are also familiar with these protein-rich drinks. This brings hope. Coca-Cola bottling a protein drink brings hope.

The greater emphasis on agriculture in budgetary allocations of a number of hungry countries brings hope.

These are hopes that should not be ignored.

I pray that they become something much more than hopes.

But let us accept them for what they are: Hopes.

The current optimistic world agriculture production figures are overwhelmingly the result of the good growing season God gave the

grain-deficit countries of Europe, West Asia and Latin America, and India, Pakistan and mainland China this past year.

It would be incorrect—for time has been too short—to say that the self-help aspect of the 1966 food-for-peace bill was in any way a factor in these current statistics.

When questioned on this point by the House committee last week both Mr. Freeman and Mr. Gaud said, however, self-help was a factor, but the examples they gave predated the 1966 bill.

Mr. Freeman said, "We had had (self-help) \* \* \* in the agribusiness in India and Turkey for 20 years." Another self-help example he gave was "the Mexican wheat seed started \* \* \* over 15 years ago" \* \* \* "rice seed developed only within the last 6 years \* \* \*"

Mr. Gaud said that:

The Department of Agriculture and AID have been cooperating and using self-help provisions for a matter of several years now.

To repeat. We've always had self-help in our aid efforts and it has wrought no miracles. Attaching the words "self-help" to the 1966 food-for-freedom bill will likewise produce no miracles.

If this committee believes that the world agricultural picture has changed since it held its hearings on this subject in March of 1966, I suggest you consult the report on the "World Food Supply" issued 10 months ago by the President's Science Advisory Committee.

You all have been sent copies of that report.

The report says that:

The scale, severity and duration of the world food problem are so great that a massive, long-range innovative effort unprecedented in human history will be required to master it.

Even though the committee said that money was not the most serious limiting factor—scientific, technical and managerial skills were—the solving of the world food problem would require over \$12 billion more capital investment per year than was being spent in the developing countries in 1965. To achieve such expenditures would "require capital and technical involvement of developed and developing nations alike on a scale unparalleled in the peacetime history of men."

Is any nation ready for such an effort?

Certainly ours is not.

As it awaits the appointment of a commanding general, the Office of the War on Hunger sits under a cloud of doubt. Weekend before last most of the staff of the Office of the War on Hunger was moved out of the New State Department Building—where, at least by simply being housed there, the staff had a degree of prestige—to something called SA-10 which is an old converted emergency hospital.

Congress last December passed the smallest AID appropriation in the 20-year history of our foreign aid program. While, on paper, AID appears to be spending more each year for agriculture, I know of few agriculturalists who feel that the AID effort will have, in the long run, a significant impact on world food production.

The CHAIRMAN. There is one point which you do not cover which I expected you to cover. I did not study it, but I presume these experts based their conclusion on the population increasing at a specified rate without more land. I can well see that unless something is done to have a realistic family planning program in India and Pakistan and

other countries of the world, the picture might be worse than the one you are now painting.

Mr. PADDICK. This is, of course, the problem. We are just not coming to grips with the world food and population problem in a manner which experts have said must be done if it is to be solved.

Of course, the major reason for the world food problem is the population explosion. We do not know how to stop it. There is no evidence that man will successfully control the population growth, in the developing world—testimony on Korea, Japan, Taiwan, and Hong Kong notwithstanding. For a more complete statement of this problem, let me refer you to this past Sunday's Washington Post article on this subject by Stanford's biologist Paul Ehrlich entitled "The Fight Against Famine Is Already Lost."

Perhaps, you might wish to incorporate that.

The CHAIRMAN. That will be filed in the files of the committee. (The article referred to will be found in the files of the committee.)

Mr. PADDICK. Also in this week's Washington Post is reported a new prediction by the respected Population Reference Bureau which says that by January 1, 1969, the world will pass 3.5 billion and within the following 30 years this planet will have achieved a population of 7 billion. This morning one of the earlier witnesses said 6 billion; unfortunately, according to the latest authority, it is now 7 billion. Not included in the press release, however, was the following statement made this week by the president of the Population Reference Bureau, Robert Cook:

Since World War II the declining death rates in the hungry nations have not been offset by any comparable decline in birth rates. The result is that the population growth rate continues to accelerate and a dire consequence is a growing imbalance between the rate of food production and the rate of human reproduction.

I am against passing a 3-year extension of the food-for-freedom bill on the assumption that the self-help feature of the bill will increase the effectiveness of our food-aid program—for there is no proof that this is so.

I am also against passing a 3-year extension of the food-for-freedom bill on the assumption that there is evidence of an improvement in the future world food needs—for there is also clear evidence to the contrary.

The CHAIRMAN. Do you not think that more food is being produced but not enough to keep up with the population increase?

Mr. PADDICK. That is correct.

The CHAIRMAN. That is what you mean?

Mr. PADDICK. That is exactly the situation. We are losing the race.

The CHAIRMAN. That is right. That is the way that I understood the statement. In justice to the testimony that was submitted by Mr. Freeman, he did mention that there was considerable progress made in India in family planning, as well as in Pakistan, and I could testify to that to some extent. Of course, there is no way to gage it, because it is, more or less, something new to those people, but I would not be surprised if it does take root as Mr. Freeman hopes and others hope, those who testified 2 years ago that the population in India as well as in Pakistan can be considerably decreased if a realistic family planning program can be put into effect. Whether that can be done, I am not going to argue with you. I do not know.

Mr. PADDOCK. Let me give you my opinion. After talking with many demographers on this subject, I believe that at this moment there is no evidence that they can lower the birth rate faster than they can lower the death rate. As a matter of fact, the statistics that have—

The CHAIRMAN. Even with family planning?

Mr. PADDOCK. That is correct; that is correct.

These statistics which were released this week by the Population Reference Bureau show that India is losing the battle right now. I think that most of us who have looked at the situation realistically in India will agree that the death rate is going to go down much faster than the birth rate, and, as the result of having death control and only minimal in birth control, the population explosion is going to accelerate in the coming years.

The CHAIRMAN. Then, I suppose that in the final and last analysis, to follow through with your expressed views, India is hopeless, and so is Pakistan?

Mr. PADDOCK. I am not certain that Pakistan is. Pakistan is in a different situation, sir.

The CHAIRMAN. I agree to that; it is different than India.

Mr. PADDOCK. That is correct; that is what I meant.

The CHAIRMAN. So far as India is concerned—

Mr. PADDOCK. I have written about the subject. I guess that I, myself, may be somewhat persona non grata because of my views.

The CHAIRMAN. Because you told the truth?

Mr. PADDOCK. Thank you, sir.

The CHAIRMAN. I do not think that they like my report very much, because mine borders on statements of that kind. I have my report now in the works and I hope to have it published in the next 4 or 5 weeks.

Mr. PADDOCK. I will look forward to reading it.

I urge, then, passing only a 1-year extension.

I further urge that this committee use the year to determine how our great agricultural capacity can be used most effectively in a long-range effort aimed at achieving world food self-sufficiency and stability.

Great as our resources are, they are far too limited to permit any to be used ineffectively. Unless our efforts are better planned and better coordinated, we will continue to fritter away our great agricultural potential.

It is self-deceiving for this committee to increase or even extend food aid in the belief that it is helping to solve the world food problem when, at the same time, Congress cuts back on our other foreign aid commitments forcing the Agency for International Development to curtail its agricultural development projects.

How do we coordinate the objectives of our food-aid program with the needs of our U.S. farmers?

And how is the answer to that question equated with our balance-of-payments problem?

How do we prepare ourselves so that we are effective in the event that the future world food needs become much more rather than much less severe?

If our food aid is buying us time in which to solve the population problem, how much time must we buy?

And if we can't buy it, what then?

These are some of the questions which your study should resolve during the coming year.

These are questions which the committee, established under section 407 of the 1966 Public Law 480, should have attempted to answer before this current 3-year extension was proposed. However, it is my understanding that the committee has never met. The very least Congress might do this year in attempting to make our food aid more effective is to require that the advisory committee hold regular semi-annual meetings and clarify who is to call the group together.

Far more effective, however, would be for the Congress to enact an updated version of the House Joint Resolution 715 which was never reported out of committee during the 89th Congress. The purpose of that resolution reads:

To establish a U.S. World Food Study and Coordinating Commission to study world food and agricultural needs, and to evaluate the future role of the U.S. agricultural and other resources in the light of present and projected world food and population trends.

President Johnson, when he proposed this food-for-freedom extension bill this year called it a "lifeline of hope to the needy of the world."

Why should it be only for the needy?

It should, instead, be considered a basic tool for achieving world stability. In other words, it should be a lifeline for everyone in this world. This it can be only if it is more effective than it has been in the past—and it will not be unless you undertake the study I urge—or one similar to it.

The CHAIRMAN. Thank you very much, sir. Your statement was very interesting.

Our witness is Mrs. Vera Durkovic.

Please identify yourself for the record, and give us your full name.

#### **STATEMENT OF MRS. VERA DURKOVIC, SILVER SPRING, MD.**

Mrs. DURKOVIC. Mr. Chairman and members of this committee, my name is Vera Durkovic, a mother of three sons, and I reside in Silver Spring, Md.

I come before you, first, as a concerned Christian; then, as a concerned citizen and homemaker.

I represent no consumer group or producer group.

I daresay, however, that I echo the concern of many Christians, citizens and homemakers across our Nation.

May I impress upon you my serious concern for the need to extend for another 3 years the food-for-peace bill which Congress enacted in 1966. This would give us more time to implement some of the ideas and solutions presented last month by the expert panelists at the Second International War on Hunger Conference which emphasized, to mention a few, self-help, education, population control, an increase in research and technical assistance, improved program coordination, export of, free enterprise as well as food, and a movement to increase farm prices.

As I sat there listening to the various answers given to the problem of war on hunger, I wondered what was holding us back. All signs point to "go," and at the same time I realize that the problem is very complex. But my eyes, as well as many others, are turned upon

you, the leaders of our country, to continue the good work now off the launching pad and to keep hope soaring high.

I have some questions that came to my mind while attending the Conference which seem pertinent to our subject.

During a film showing the narrator said, and I quote:

Jungle growth is useless as food.

Is this really so?

Has this been proven by adequate research?

On another point I was surprised to learn that the farmer is suffering from low prices on his produce. I was distressed to learn this. Food prices have steadily increased during the past years and have continued to do so, especially of late. If the farmer is not receiving his share of the increase, who is receiving it?

At the Conference, the point was made that our modern food packaging caused much of the increase. Undoubtedly, our modern packaging costs us something. Take carrots, for example. Today, they sell for 25 cents a pound. Not so long ago, they sold for 2 pounds for 35 cents. The packaging is the same; who is getting the increase?

Since it was made clear that the farmer is not getting the increase, who is?

Now take puffed rice and puffed wheat, which have been honeyed up; this means another package. Then, recently there appeared on the market a decolorized honeyed puffed rice and puffed wheat cereal—still another package. If this raises the price of all rice and wheat cereals, I am certain that homemakers would want to decide for themselves whether or not they wanted to sweeten their cereals.

On the whole, homemakers are very budget minded and, I might add, practical. And being a practical person myself I cannot understand the one important and significant fact that stands out in my mind, from all I have read and heard, and it is this: Why is the farmer paid by our Government—and this is us—to withhold his land from producing crops when we have granaries in the Midwest that are practically empty and there is hunger rampant in the world? Do we not have a moral obligation at least to rectify this situation?

And what is there to prevent an act of God from having our land of plenty turned into a land of famine, as in the days of Pharaoh and Joseph?

Should not we be better prepared as a nation than we are, as our empty granaries indicate?

In my mind there is a definite need to produce more food, even if it costs us more.

We need to educate our own people as to the severity of hunger in the world, the answers that are available, what we are doing today to alleviate this hunger and how much more needs to be done.

I agree with Vice President Humphrey when he said at the War on Hunger Conference: "Get the TV and radio and newspapers to teach facts."

The CHAIRMAN. To teach facts?

Mrs. DURKOVIC. To teach facts; yes, sir.

The CHAIRMAN. They are sometimes tainted.

Mrs. DURKOVIC. That is right.

Lastly, among the documents available at the Conference was a proposal submitted by a gentleman named Mr. Aaron Scheinfeld. May I suggest your perusal of this proposal, as I believe it has merit.

Thank you.

The CHAIRMAN. Thank you very much.

This is the last witness who has asked to be heard today.

The committee will stand in recess until 10 a.m., tomorrow morning.

(Whereupon, at 12:30 a.m., a recess was taken until 10 a.m., Friday, March 15, 1968.)

## **EXTENSION OF PUBLIC LAW 480, 83D CONGRESS**

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**FRIDAY, MARCH 15, 1968**

**U.S. SENATE,**  
**COMMITTEE ON AGRICULTURE AND FORESTRY,**  
*Washington, D.C.*

The Committee met, pursuant to recess, at 10 a.m., in room 324, Old Senate Office Building, Senator Allen J. Ellender (chairman) presiding.

Present: Senators Ellender, Holland, Byrd of Virginia, Aiken, Young of North Dakota, and Miller.

The CHAIRMAN. The committee will please come to order.

We are privileged to have with us as witnesses today the Secretary of Agriculture, Orville L. Freeman, Mr. Gaud, the Administrator of the Agency for International Development, and Mr. Rostow, Under Secretary of State for Political Affairs.

Suppose you start, Mr. Freeman? Do you have a prepared statement?

Secretary FREEMAN. I have a prepared statement, Mr. Chairman and gentlemen of the committee, and, with your permission, I will proceed with it.

### **STATEMENT OF HON. ORVILLE L. FREEMAN, SECRETARY OF AGRICULTURE**

Secretary FREEMAN. Mr. Chairman and members of the committee.

The progress of American agriculture has been marked by a series of milestone advancements. At one time we concentrated mainly on production problems. Wonderful mechanical inventions were made available to our farmers, and these were matched by improved crops and animals and ways to raise them. In more recent time we have made equal progress in solving problems of what happens to products after they leave the farm—and it is in this important area of marketing and distribution that Public Law 480 shines forth as one of the truly creative innovations of our time.

I am pleased to meet with you today to talk about Public Law 480 and to support its extension for 3 years in its present form.

Public Law 480 has served us well for many years. It has helped to move accumulated farm surpluses into constructive use. It has helped to feed hungry people.

But these contributions were not enough. Increasingly, we have been aware of the need for countries we were helping to do more for themselves to improve their farms and villages and well-being. In helping them to do this we make an important contribution to world peace, for a hungry people will always be a restless people, and no country in

the course of history has reached a high standard of living and of economic expansion without a firm agricultural base.

At the same time we have been aware of the need for doing even more to expand foreign cash markets for our products, thereby revising Public Law 480 so that these potentials could be realized.

The new emphasis on self-help was a timely and much-needed change. It might be said that food under Public Law 480 has not been given free since 1966. Instead, we have been exchanging commodities for commitments—commitments to build farm to market roads, to adopt incentive price policies, to build fertilizer plants. The new section providing that local currencies in excess currency countries might be used for agricultural development projects was a helpful addition for which I pay my compliments to this committee. Under this provision we have already programmed over \$84 million for economic development and family welfare in the three countries to which this provision has been applicable.

The strong emphasis on transition to harder terms was a change that we strongly endorse and are using as a principal guideline as new agreements are formulated. A feature that originated with this committee—the provision for sales on a convertible local currency basis—is a definite help to us in setting up agreements which comply with our objective of moving from soft terms to harder terms as rapidly as possible. The rate at which we have been shifting to harder terms is shown by the record. In both fiscal 1966 and fiscal 1967, 17 percent of our sales under Public Law 480 were on dollar repayable terms. In fiscal 1968, 48 percent are on dollar repayable terms; and, as budgeted for fiscal 1969, 61 percent will be on such terms.

I think we have in Public Law 480, as improved in 1966 and as it is constructed and administered at this time, a highly practical program that is both good for us and good for the countries associated with us. It is an excellent program for our times. Under it we are programming shipments at as high a level as is consistent with legal requirements and the necessity not to disrupt established commercial markets or to create a disincentive to recipient countries to improve their own food production. The various agencies responsible are working together closely and, in my judgment, effectively to carry out this complex program as a well-integrated, dynamic effort. I think we have succeeded.

**The CHAIRMAN.** Would you mind an interruption?

**Secretary FREEMAN.** Not at all.

**The CHAIRMAN.** I note what you say about this transition from local currencies to hard currencies. We had a witness here yesterday who stated that very little had been done in that direction. I notice where you contemplate improving this situation in 1968 and 1969. I wonder if you could be more specific as to what you did in 1966 and 1967—and not only in that regard but in requiring at least a 5 percent payment in cash or hard currency?

**Secretary FREEMAN.** Well, in terms of moving from the soft currency sales to the credit sales, the percentages, as I have noted them in my testimony, are a matter of record.

**The CHAIRMAN.** Well, the point is, as you know, that this law has changed from what it was prior to 1966, and this committee felt that the time had been reached when we should demand a little more hard currency than to use some of these soft currencies. And this applies

more particularly to India, because we had sold them more, I presume, than any other country—it seems to me that, under the law we enacted 2 years ago, this transition is going to take place by 1971, and from what you have done, what you did in 1966-67, it does not make too much of a good showing, from the testimony of some of the witnesses that have appeared before us, and that is why I am asking the question. I would also like to know in how many transactions have you required the 5 percent payment in hard currency?

**Secretary FREEMAN.** To answer the first question Mr. Chairman, I think we are on schedule in connection with moving from the soft currency sales to the credit sales.

We expect dollar credits will increase from \$221 million in fiscal 1967 to \$536 million in fiscal 1968, which is our current estimate, while the soft currency sales will decrease from \$1,067 million in 1967 to \$740 million in 1968.

We further made the estimate that in fiscal 1969 we will be making 61 percent credit sales and will be down then to 39 percent of currency sales. That is our current projection.

We are running into the question where in some places around the world we may need more local currency directly for U.S. uses of various kinds and possibly for loan availabilities under the so-called Cooley loan program. But the policy as set out in the 1966 amendment calling for movement from soft currency sales to credit sales is proceeding to schedule.

**The CHAIRMAN.** But, now, to pursue that a little further: As you recall, under the prior act we had credit extended only for a maximum of 20 years with a 2-year grace period. I understand that you have sold quite a bit of these commodities with a 40-year term basis, with a 10-year grace period, and a 2½ percent interest charge thereafter. I think that is outrageous to do a thing like that, to be frank with you.

**Secretary FREEMAN.** Mr. Chairman, it has been done in cases where the debt repayment schedule of the countries in question was such that the prospect of consummating an arrangement on harder terms that would serve our mutual benefits were slim, if not nonexistent.

**The CHAIRMAN.** Debt repayment to whom?

**Secretary FREEMAN.** Debt repayment, generally.

**The CHAIRMAN.** To other countries?

**Secretary FREEMAN.** To other countries.

**The CHAIRMAN.** To a lot of countries that gave harder terms than we did—having interest rates of 4½ to 6 percent and 10 years in which to pay. I have contended, not only with you but with Mr. Gaud, that they use our money to repay these harder terms that they were able to obtain from other countries. I just think it is outrageous for that to happen.

#### **STATEMENT OF HON. WILLIAM S. GAUD, ADMINISTRATOR, AGENCY FOR INTERNATIONAL DEVELOPMENT, DEPARTMENT OF STATE**

**Mr. GAUD.** We have done that in five countries, Afghanistan, Guinea, India, Indonesia, and Pakistan.

Indonesia, as you know, has already gone through the wringer, so to speak, so far as this debt burden is concerned, within the last year or so, and there is now in effect a debt rollover by the IMF and the inter-governmental unit consisting of some seven or eight nations which are

giving aid to Indonesia. It is quite clear to me that it would be impossible to expect Indonesia to buy food on hard terms.

The CHAIRMAN. Well, wait a minute. A country like that, that is just coming into it, it strikes me that to give Indonesia a credit term of 40 years and 10 years grace, why, I just do not think that should be done. We had in our law, in our bill, before, a 20-year credit period with 2 years grace, which was very liberal.

Mr. GAUD. I was going to say, as you recollect, we were moving, in the case of Indonesia, India, Pakistan, and Afghanistan, from agreements which they were paying only in local currencies to agreements in which they are paying in convertible currencies, and the question is: What are their foreign exchange capabilities? Can they afford 10- or 20-year terms?

Under the Foreign Assistance Act, the loans that we make are on these softer terms for the reason that their debt burden is such that there is no reason to do otherwise in trying to give them aid.

The CHAIRMAN. To whom do they owe it—to us?

Mr. GAUD. To us, and to others. To every country. If you take Indonesia and India, the two countries that are involved in this business of debt adjustment at the moment, every country is making the same debt adjustment; not only the United States is doing this.

In the case of Indonesia, the debt rollover, the terms of the debt rollover were agreed to by all Western nations, and, indeed, by all Eastern bloc nations. So, there is uniformity in this, and nobody is taking advantage of us in this.

The CHAIRMAN. All right. What countries are giving as liberal terms as we are?

Mr. GAUD. To Indonesia?

The CHAIRMAN. Forty years—I mean to any country.

Mr. GAUD. Oh, well—

The CHAIRMAN. You mentioned one here and there. I believe that the time has come when we should tighten up a little bit on that.

Mr. GAUD. Let me answer your question, if I may. The International Development Association, which is an affiliate of the World Bank, gives loans on easier terms than we do. They have a 50-year term with a 10-year grace period.

The CHAIRMAN. That is for currencies that we furnished them?

Mr. GAUD. Well, we put up 40 percent of the currencies; other Western nations put up the remaining 60 percent, and their loans all go 50 years, 10 years grace, three-fourths of 1 percent interest.

On a bilateral basis, the British, the Canadians, and Denmark, and to some extent the Netherlands, make loans for just as long periods as we do with no interest and with a long term grace period, the reason being that they feel, as the World Bank feels and as we in AID feel, that if you are going to give aid to a country you have to give it on soft enough terms so that they do not immediately pay it back in debt payments. So, there are four other countries plus IDA that are making loans today on more lenient terms than we are.

The CHAIRMAN. Wait a minute. What are those countries?

Mr. GAUD. Denmark—

The CHAIRMAN. To whom?

Mr. GAUD. Denmark, the Netherlands, the United Kingdom, and Canada.

The CHAIRMAN. To whom?

Mr. GAUD. To India.

The CHAIRMAN. Not the Russians—

Mr. GAUD. Canada, which has no former colonies.

The CHAIRMAN. I would be curious to find out how much Canada is giving to it.

Mr. GAUD. In the percentage of their national incomes that different countries are giving—in that—the United States ranks fifth.

The CHAIRMAN. You mean the gross national product?

Mr. GAUD. The national income—not the gross national product. The United Nations has set a standard of 1 percent as the amount that they would like to see countries give for aid, and the country that is closest to that is France, ninety-five one-hundredths of 1 percent. Next—

The CHAIRMAN. France, to whom did they give it? To whom?

Mr. GAUD. Most of the French aid—

The CHAIRMAN. To North Africa?

Mr. GAUD. Africa.

The CHAIRMAN. That is right—former colonies.

Mr. GAUD. Some of it goes to India and Pakistan.

The CHAIRMAN. Very little.

Mr. GAUD. It varies.

The CHAIRMAN. Does not the bulk of it go to North Africa; the way they are doing it?

Mr. GAUD. And to Equatorial Africa.

The CHAIRMAN. The way that they do it is by subsidizing the farmers out there; in other words, France could buy peanuts from us probably 2 cents cheaper than they can buy them from Africa, but they do it there in order to assist the economy of their former colonies. You count that as aid, but I do not. That is why we differed, if you remember, before the committee some time ago.

Mr. GAUD. That is right.

The CHAIRMAN. We put out cash for that, or goods, whereas, in the case of France, they buy the peanuts from Africa, and other commodities, even cotton, much cheaper than they could buy it on the open market, and who pays for that, of course, are the French people.

Mr. GAUD. Most of the French aid is grant aid; better than two-thirds of their aid is grant aid—a much higher percentage of their aid is for grants than is ours. But to continue with the list, if I may, sir: Australia, and the United Kingdom, all give a higher percentage of their national income to aid than we do.

Senator MILLER. If you will yield at that point?

The CHAIRMAN. I do not see how you can come to that conclusion. All right.

Mr. GAUD. These are not our figures.

The CHAIRMAN. I know how you got them.

Senator MILLER. I would like to ask this question: You say that the United States ranks fifth in the percentage of our national net income that we allocate to foreign aid. Is that it?

Mr. GAUD. Yes.

Senator MILLER. What was the figure that was used for the U.S. aid?

Mr. GAUD. It includes, Senator Miller, all economic aid under the Foreign Assistance Act, Public Law 480, Export-Import Bank loans, the Peace Corps—our contributions to the international organizations. It includes everything that we give by way of aid to any program, including our contributions to the World Bank and the like.

Senator MILLER. Does it include our aid to South Vietnam?

Mr. GAUD. Yes, sir.

Senator MILLER. Does it include our contributions to international agencies?

Mr. GAUD. Yes, sir.

Senator MILLER. I wonder if you could supply for the record that information.

Mr. GAUD. All right. These are figures, Senator Miller, that are prepared and put out every year by the Development Assistance Committee in Paris. They are not U.S. figures. They are international. They do include all of our programs that I mentioned.

Senator MILLER. I just want to make sure that all are included.

I would like to know what figures were used.

Mr. GAUD. Right.

(The information is as follows:)

U.S. OFFICIAL ECONOMIC ASSISTANCE TO LESS-DEVELOPED COUNTRIES—NET OBLIGATIONS (ACTUAL, FISCAL YEARS 1966 AND 1967; ESTIMATED, 1968 AND 1969)

[In millions of dollars]

	Fiscal year 1966 actual	Fiscal year 1967 actual	Fiscal year 1968 estimate	Fiscal year 1969 proposed
Bilateral (total, excluding Exim bank).....	4,322	3,337	3,433	3,968
Foreign Assistance Act.....	2,407	2,128	1,905	2,450
Public Law 480.....	1,736	1,040	1,355	1,340
Peace Corps.....	113	105	108	113
Other (excluding Eximbank).....	66	64	65	65
Multilateral.....	492	495	537	891
Foreign Assistance Act <sup>2</sup> .....	138	121	113	125
IDA.....	250	250	300	506
IDB.....	20	20	20	20
ADB.....				
Total (excluding Eximbank).....	4,814	3,832	3,979	4,859
Eximbank.....	321	947	( <sup>3</sup> )	( <sup>3</sup> )
Grand total.....	5,135	4,779	( <sup>3</sup> )	( <sup>3</sup> )

<sup>1</sup> 15 percent subtracted from estimated total sales for U.S. uses.

<sup>2</sup> Includes U.N. contributions.

<sup>3</sup> Not available.

Senator YOUNG. Whenever you are through, I have a few questions. I will wait until you are through.

The CHAIRMAN. Go ahead.

Senator YOUNG. Under our foreign currency sales, different countries pay more than they used to, do they not?

Has there not been a change?

Secretary FREEMAN. They do pay more now. Under the foreign currency sales, the receiving country must pay transportation costs except that for the portion that goes in American bottoms, we finance the differential between the U.S. and foreign-flag rates.

**Senator YOUNG.** When we sell for foreign currency, do we require any payment in dollars or is it entirely in foreign currency?

**Secretary FREEMAN.** Well, there are a number of mixes, different negotiations, different agreements that are reached now. There are some instances, and the chairman asked this as a part of his question, of agreements with 5-percent initial payments.

**Senator YOUNG.** Does the 5-percent downpayment apply to foreign currency sales as well as the dollar sales?

**Secretary FREEMAN.** It does apply to foreign currency sales as well. We do obtain conversion of soft currencies to hard currency which is then available, for example, in agricultural market promotion programs. We have done this for a number of years. The 1966 act directs us to negotiate for 5 percent initial payment in those instances where we feel it can be done. So, in terms of initial payment made of the 5 percent, that has been done in a number of examples. We have moved in that direction. The payment was waived in the case Afghanistan, Ceylon, Congo, Guinea, and Indonesia, for reasons of foreign policy and balance of payments, in terms of their currency position. And with respect to Ghana, 2 percent of it was waived, and 3 percent was paid. So the provision is being used. It is being actively considered as a part of the movement from soft currency sales to harder loan terms.

As you know, we then encourage transition to CCC export credit, and, finally, as we have done in many countries, to a full-fledged commercial transactions.

**Senator YOUNG.** In the case of Indonesia, how much assistance have we given them in the last year and in what form?

**Mr. GAUD.** Total assistance?

**Senator YOUNG.** Yes, sir.

**Mr. GAUD.** We took a commitment in the intergovernmental group to supply Indonesia with one-third of her requirements, provided the other countries came up with two-thirds. Ours was partly in the shape of development loans and partly in the shape of Public Law 480. The figure for the current year, as I recall, would be around \$100 million—just a little over. And the composition of that is not yet clear. It would depend upon the amount—it would depend upon two things: the amount of cotton that Indonesia can use—and we would want to send as much cotton to them as we can—and it would depend also upon the quantity of rice that we can find over and above our requirements, particularly in South Vietnam, to make available to Indonesia. The balance would be in development loans. It probably would be 50 percent loans and 50 percent Public Law 480.

**Mr. FRANK ELLIS** (Agency for International Development). And bulgar.

**Mr. GAUD.** There will be some bulgar also in that.

**Senator YOUNG.** I want to commend you for the assistance given to Indonesia. They are broke financially. They do need financial assistance. An anti-Communist government has to survive. I do not know of any country in the world where we can make a better investment than there. I would rather provide a little food and cash assistance than to send an army over there.

**Mr. GAUD.** We feel the same way, and they are doing a good job at present. We hope they will keep at it.

**Secretary FREEMAN.** May I correct the record, Senator Young?

In connection with the initial payments, there are 15 countries in which the initial payment was made possibly by the amendment 2 years ago.

**The CHAIRMAN.** You mean Pakistan?

**Secretary FREEMAN.** Fifteen countries—

**The CHAIRMAN.** Including Pakistan?

**Secretary FREEMAN.** Yes.

**The CHAIRMAN.** Were you able to collect the entire 5 percent, or a reduced amount?

**Secretary FREEMAN.** No. In these 15 countries, 5 percent was obtained.

**The CHAIRMAN.** Will you give that for the record?

**Secretary FREEMAN.** We can supply that for the record.

(The information is as follows:)

Agreements have been signed with the following countries to provide for five percent initial payment:

Bolivia

Brazil

Chile

Guatemala

Iceland

India

Iran

Liberia

Morocco

Pakistan

Paraguay

Sierra Leone

Sudan

Tunisia

Uruguay

**Secretary FREEMAN.** The 15 includes Chile which was 10 percent. And five countries, in which it was waived, that I have named already: Afghanistan, Ceylon, Congo, and Indonesia, and in one country it was waived to the extent of 2 percent—in Ghana, but there were 15 countries in which it was made.

**Senator YOUNG.** I think you have made a commendable record in the last year or so. I would say over the whole period of the program for that matter, but you have increased shipments of wheat, for example, and you are making more dollar sales.

**Secretary FREEMAN.** That is correct.

**Senator YOUNG.** I have no complaint.

**Secretary FREEMAN.** Thank you, sir.

**Senator HOLLAND.** The chairman of this committee is entitled to great credit upon insisting for that dollar sale provision which we put in the act, the Senator from North Dakota will remember. You supported that. He was the originator of that idea.

**Senator YOUNG.** I do remember.

**The CHAIRMAN.** The thing that bothers me is that we still continue to sell on soft currency, long-term and 10-year grace periods. Nobody can defend that anymore to me. We had, as you know, in the law, a 20-year provision with a 2-year grace provision, and I thought that was ample time, and I found out that much of this credit is being given on a long-term basis and this transition is slowly grinding its way. I am

hopeful that we will be able to get this on an even keel by 1971 as the bill provides.

Do you think, at the rate that you are going, that you will be able to attain that goal?

Secretary FREEMAN. We are on schedule in that connection and are moving steadily toward the credit terms as provided in the law.

The CHAIRMAN. Of course, the credit terms as provided in the law did not provide for the 40-year period.

Secretary FREEMAN. The law provided for the transition to dollar sales which I have made reference in my statement, except in those instances where it was necessary to effectuate an agreement that was consistent with our interests and those of the receiving countries, that we would make these 40-year arrangements which would be reducible to convertible local currency credits.

The CHAIRMAN. It was left to the Department to do it. We did not write it in the act, as I recall it. We had the 20-year proposal with the 2 years grace, and there was a little flexibility there with respect to credit under title I, but when you convert, as you say, the sales made for cash as time goes on and you give a 40-year repayment period, that is one thing that I cannot agree with. I do not think that you are doing it in keeping with what this committee had in mind.

Secretary FREEMAN. Mr. Chairman, it was recognized quite clearly that this committee intended that this program should move from soft currency sales to hard currency sales, to a progressive transition of credit, but it was also contemplated, I believe, that in certain circumstances, where the situation required it, that we would have the option of making a local currency sale which would be convertible to hard currency over a 40-year period under terms that would be no more liberal than that which can be made by AID in its development loan program. I think that that authority has been very carefully applied.

We have, as I said, moved to the direct loan program, and we expect to continue on schedule, but there are a few of these countries where their balance-of-payments position is such that in order to accomplish these arrangements in our mutual interest it has been necessary to have that long a credit span. And we hope and believe that discretion has been used wisely.

The CHAIRMAN. I hope that their balance of payments is not as bad as ours.

Secretary FREEMAN. Yes, sir.

The CHAIRMAN. And if we continue the course we are pursuing now, things are bound to get worse. I go back to the proposition that this 40-year repayment, with 10 years' grace, where no interest is paid or anything, particularly when we have a lot of the countries who have loaned money to these people, really, on commercial terms, and with a great amount of interest, when our credit terms are such that these people like the Germans and others who are well able to assist these people—if that policy is pursued, my fear is that a good deal of what we are trying under this law will be nullified.

I wanted to have Mr. Gaud answer one question awhile ago about income.

That is a new capacity that you applied, about comparing what we do far countries. What do you mean by "income"?

You said it a little while ago. You stated that we were fifth in line.

Mr. GAUD. Several years ago, the United Nations adopted sort of a principle that the well-to-do countries should devote 1 percent of their national income to foreign aid.

There was an agreement which was adopted—not an agreement. It was a principle adopted by the United Nations.

There are a number of countries which have made this a national policy and are working toward it. Canada, for example, within the last year adopted it as the official government policy, that it would move to that figure. Japan has done the same thing. Several other European countries have done it. It is a voluntary principle. It does not bind anyone, Mr. Chairman, and no country today, as I said, at least for calendar year 1966—which is the latest for which figures are available from the Development Assistance Committee in Paris—no country is at that figure, although France is very close. And using that standard set up by the United Nations, we are fifth in line for the year 1966.

The CHAIRMAN. How do you figure income? You have got a table which has columns labeled "Total Output," "Income," and "Spending." It is the total disposable of personal income that you speak of or just exactly what is it?

Mr. GAUD. I am frank to say that I do not know.

The CHAIRMAN. You do not know.

Mr. GAUD. I can furnish that.

Do you know, Mr. Rostow?

#### **STATEMENT OF HON. EUGENE V. ROSTOW, UNDER SECRETARY OF STATE FOR POLITICAL AFFAIRS**

Mr. Rostow. You have three or four ways of measuring the total output and the total spendings. Gross national product is commonly used.

The CHAIRMAN. I would like to ask: Why did you get away from that?

Mr. Rostow. My recollection is that they simply decided that national income rather than gross national product would be the term—they are closely related. I think, as I recall it, that national income was the gross national product less one or two items like depreciation. It is the commonly used benchmark of the total activity in the country, and they have decided that it was the simplest statistical norm to use.

The CHAIRMAN. Are you sure that it was done on that basis, or maybe that it made a better showing?

Mr. Rostow. There is a very small difference between gross national income and national income. They are based on the same set of statistics. They are published in the Economic Report, in the Indicator.

The CHAIRMAN. I remember, Mr. Rostow, when you were before us last year, we discussed this to some extent. Although we had been giving of our wealth for 20 years almost, and these other countries had just started, we should keep going up instead of going down. That is what I cannot understand.

Mr. GAUD. We are not going up. You can set your mind at rest on that.

The CHAIRMAN. If we are not, if we would listen to you we would go up.

**Mr. GAUD.** You are right.

(The information is as follows:)

National income used by the D.A.C. countries is similar to net national product at factor cost. This includes the payments to the factors of production for the performing of various activities: wages, interest, profits and rent.

**Senator MILLER.** Will you yield at that point?

**The CHAIRMAN.** All right. I did not like to cut Mr. Freeman off. I did not expect to get into this hassle.

**Senator MILLER.** I would like to go back to my original question now, as to the fifth place of the United States on that list. I would like to ask you whether military assistance by the United States is included?

**Mr. GAUD.** These are economic aid figures.

**Senator MILLER.** But not military?

**Mr. GAUD.** Correct.

**Senator MILLER.** Then, which are those countries that are in the first four places?

**Mr. GAUD.** France, Portugal, Australia, and the United Kingdom.

**Senator MILLER.** With the exception of Australia, none of these countries are participating in any war now, are they?

**Mr. GAUD.** That is right.

**Senator MILLER.** Australia is participating to a very minor degree, and we are running into tremendous expenditures in South Vietnam for military assistance, and these other countries do not have any burden like that.

**Mr. GAUD.** No.

**Senator MILLER.** I am wondering if we should make any policy whereby the taxpayers are going to have to help throughout the world.

**Mr. GAUD.** I think that this is a question, obviously, on which reasonable men can differ. However, our gross national wealth or per capita income, however you want to describe it, is enormously more than that of almost any other country. In the United States, for example, the per capita income is something like \$3,600 a year, and in most of the other free countries of the world it would be around \$1,200 or \$1,300 a year.

**Senator MILLER.** How about the per capita?

**Mr. GAUD.** In Japan—

**Senator MILLER.** About the per capita debt?

**Mr. GAUD.** The per capita debt is higher here—no question about it.

**Senator MILLER.** It is much higher, is it not?

**Mr. GAUD.** Yes, sir. But the Japanese, for example, who are working toward a 1-percent figure—who have not got there yet—they have a per capita income per year of something like \$600 or \$700 a year. It seems to be it is a question of priority that you give to the job. It is true that we are spending a great deal of money in South Vietnam and that we have other very serious and pressing problems. It is equally true that for the last 4 years our gross national product has increased on an average of \$50 billion a year.

**Senator MILLER.** Are you referring to our real increase each year?

**Mr. GAUD.** No; these are the figures—this is not real—

**Senator MILLER.** Do you not think that we should talk about real increases?

Mr. GAUD. If you are talking—

Senator MILLER. Before our Joint Economic Committee, we have had testimony from witness after witness, and these are the key economists of this country, who have pointed out that the real gross national product increase is the only thing that counts.

Mr. GAUD. But if you are looking at foreign aid on an absolute basis, the amounts that we have been spending on foreign aid have been decreasing each year. If you factor into that the increase in prices, the decrease would be much more—it would still be more. So that the point that I am making here is that we are not increasing our expenditures in this field—they have been decreasing quite considerably—while the expenditures in this area in a good many other countries have been rising.

Senator MILLER. My point is that that does not look at the other side of the coin, namely, the tremendous volume of military assistance we are rendering to other countries. I do not believe that we have any apology to make to these four countries, any one of whom, to a very modest degree, is involved in bearing the tragic burden of the war.

Mr. GAUD. I agree with you. The question is not one of apologizing to other countries. The question is one that different people would answer in different ways.

The question is how important is it to us to continue to contribute to the development of the underdeveloped world. That is the basic question.

Senator MILLER. That, I would accept. I do not think that we should be put in the position of fifth place in this.

Mr. GAUD. I do think that when people talk about how much we are doing, that we are doing so much and all the rest of it, that it is interesting to note that whereas the United States a few years ago was the only country giving aid—and a few years later it was clearly No. 1 in the aid field—this is no longer true. There are a great many countries that have shouldered a part of this burden. It is not a matter of Uncle Sam being a sucker out on the end of the limb by himself. There is not a single country in the world today, on either side of the iron curtain, that can afford it, that does not have an aid program. Times have changed.

Senator MILLER. I think that is all to the good. I think it ought to be in the perspective of the fact that the United States is carrying alone the terrible burden of the war, and these other countries are helping to serve the burden of tragedy and need, but I do not think that it is meaningful to say that we are in fifth place in what we are doing for other countries.

The CHAIRMAN. Mr. Secretary, you may proceed. By the way, will you put in the record the data that you were looking at awhile ago?

Secretary FREEMAN. Yes, sir; in connection with the 5 percent?

The CHAIRMAN. Under section 103(b), the amount in this transition period, and the lag—just give us a little statement there indicating the progress that is being made and what is contemplated in the future. Of course, you have it percentagewise.

Secretary FREEMAN. Right.

The CHAIRMAN. In other words, the contracts have not been read into the record.

Secretary FREEMAN. But our projection, we will see that that is in the record.

The CHAIRMAN. OK.

(The information referred to follows:)

#### TITLE I, P.L. 480—TRANSITION TO DOLLAR SALES

The movement to dollar credit terms and ultimately to commercial dollar sales had been our goal even before the new Act. By the end of 1966 eighteen countries had signed agreements providing for payment only on dollar credit terms, ten for payment only in foreign currencies and six for payment partially in foreign currencies and partially in dollar credit.

The 1966 legislation gave increased impetus to the shift from payment in local currency to payment in dollars or local currency convertible to dollars. Of the 22 countries participating since January 1, 1967, only 4 had no dollar payment provision, and 6 countries were moved to dollar or convertible local currency payment in whole or in part.

Most countries receiving programs under dollar credit arrangements have continued to have similar arrangements. The proportion of the dollar credit in agreements with Tunisia and Israel has been increased from 25 percent to 50 percent; and Bolivia and Ceylon have been transferred completely to dollar payments. Agreements signed with both India and Pakistan for commodity delivery after July 1, 1967, provide for payment of 20 percent in currency convertible to dollars. Because of severe financial difficulties two countries, Afghanistan and Indonesia, reverted from dollar credit sales to sales with currency convertible to dollars. The agreement with China (Taiwan) reverted from dollar credit in order to provide currencies needed for U.S. uses (50 percent) and to make a grant to Taiwan so that it might continue to engage in international programs of technical cooperation with friendly countries in the development of food production and related agricultural development programs.

The attached summary shows the value of agreements signed in calendar year 1967 as follows:

	Millions
Local currency	\$912.02
Convertible local currency credit	152.57
Dollar credit (including PTE)	157.33
 Total	 1,221.92

On a fiscal year basis we expect to move from 17 percent dollar credit and local currency convertible sales in 1966 and 1967 to 48 percent in 1968 and we are planning for 61 percent in 1969.

(For the attached summary table, see p. 20.)

Secretary FREEMAN. Continuing with my prepared statement, midway page 3:

In recommending the extension of this program we recognize that all Government programs must meet the test of whether they yield the results that Congress intended. Public Law 480 meets the test admirably.

The objectives of Public Law 480 are clearly set forth in the preamble to the act, as follows:

The Congress hereby declares it to be the policy of the United States to expand international trade; to develop and expand export markets for United States agricultural commodities; to use the abundant agricultural productivity of the United States to combat hunger and malnutrition and to encourage economic development in developing countries, with particular emphasis on assistance to those countries that are determined to improve their own agricultural production; and to promote in other ways the foreign policy of the United States.

Let's take that preamble and use its elements as a check list. Let's see how well Public Law 480 is serving us.

First, what has been happening to international trade in agricultural products?

During these 1960's, international trade in agricultural products has expanded steadily. Total world trade in agricultural products in fiscal 1960 was \$28.3 billion. In 1967 it was \$33.9 billion.

I do not know of any period in world history when the growth in international agricultural trade has been as great as that of these 1960's. A great share of this expansion has benefited the United States.

Senator HOLLAND. Does this mean an expansion in volume commensurate with the expansion figures that you get, or is the figure misleading in that we have had a decrease in buying power of the dollar that has to be figured into this also?

Secretary FREEMAN. These are constant-dollar figures and therefore reflect an expansion in terms of volume.

Senator HOLLAND. But the volume increase would not be commensurate with these figures if these figures do not reflect the change in the buying power of the dollar?

Secretary FREEMAN. The figures are constant prices using the average of the 1957-59 period.

The second part of our test of Public Law 480 has to do with developing and expanding export markets for U.S. agricultural commodities.

Here, again, there has been no period of American history in which we have done as well in our agricultural export marketing. Public Law 480 is among the important reasons.

Since fiscal year 1960 we have pushed total agricultural exports upward from \$4.5 billion to almost \$7 billion.

During that period, commercial exports—the part we sell for dollars—climbed from \$3.2 billion to \$5.2 billion, a gain of 62 percent. Shipments in this current fiscal year, both total and for dollars, are holding at high levels.

Senator HOLLAND. I hope you will have the same conversion made that we talked about as to the earlier figures.

Secretary FREEMAN. We will be happy to do it in terms of volume.

Senator HOLLAND. I think what we are really interested in, in checking on this program, is how much food we are giving to others or selling to others, as the case may be, and that the mere use of the dollar figure does not give that information.

Senator YOUNG. I think it would be well in presenting dollar sales figures if you would make a distinction between those that are for cash or are for commercial credit, which are about the same thing, and those which are on the long-term-credit basis. Could you do that?

Secretary FREEMAN. Yes; we can do that. But all of these, you see, the last paragraph on page 4, referring to the \$3.2 billion to \$5.2 billion, those are commercial.

Senator YOUNG. Those are all commercial sales?

Secretary FREEMAN. They do not involve any Public Law 480.

Senator YOUNG. I see.

Secretary FREEMAN. They would include export sales under our CCC export credit arrangement, but they are not Public Law 480 at all.

Senator YOUNG. Then, I will withdraw my request.  
(The information is as follows:)

SUMMARY TABLE—QUANTITY INDEXES OF U.S. FOREIGN TRADE IN AGRICULTURAL PRODUCTS

[Base calendar year 1957 through 1959 = 100]

Commodity or commodity group	Year beginning July 1						
	1960	1961	1962	1963	1964	1965	1966
<b>EXPORTS</b>							
Total animal products.....	105	110	112	151	139	115	107
Dairy products.....	74	81	103	152	125	80	-----
Poultry and poultry products.....	197	259	182	202	178	187	-----
Animal fats.....	115	120	112	154	142	110	-----
Meat and meat products.....	90	87	101	136	132	113	-----
Cotton and linters.....	137	93	71	100	88	61	90
Tobacco, unmanufactured.....	104	108	98	110	99	98	130
Grains and feeds.....	136	155	155	185	180	230	203
Vegetable oils and oilseeds.....	124	122	148	156	189	194	180
Fruits and vegetables.....	99	108	114	106	111	122	122
Total agricultural exports <sup>1</sup> .....	124	125	124	147	145	157	152

<sup>1</sup> Based on 327 classifications (includes commodities shipped as food for relief or charity by individuals and private agencies).

Senator MILLER. May I ask this?

I understand that during calendar year 1967, our favorable balance-of-agriculture exports over imports fell under \$2 billion for the first time in about 4 years. I think the figure was \$1.9 billion. It is still a favorable balance, but does that fit in with your understanding?

Secretary FREEMAN. Yes; it is a very favorable balance. The increased imports include a number of tropical items.

Senator MILLER. In that connection, I was going to ask if you would be good enough to include with the information for Senator Holland the imports, too, so that we can get a picture of how the imports have gone up during this period of time. But, in any event, the imports, as I understand it, fell somewhat last year but our exports fell even more, so that our favorable balance was down under \$2 billion for the first time in about 4 years. I think the figure is \$1.9 billion, which is a favorable balance, of course. Now, at the same time, is it not true that of that \$1.9 billion we should take into account that about \$1.6 billion is not in commercial trade, which would leave us only about \$300 million commercial sales, a favorable trade balance?

Secretary FREEMAN. No; I do not think that that is correct. I think that the total of favorable balance-of-payments effect is \$1 billion or more. We need to include in the figure about \$600 million as straight commercial trade advantage as well as \$500 million or more which is the combination of U.S. use of Public Law 480 currencies which has a direct balance-of-payments implication and bartering for off-shore procurement. So that the net contribution of our agricultural trade to our balance-of-payments position is \$1 billion, roughly.

Senator MILLER. Are you saying that we did not have \$1.6 billion in noncommercial sales?

Secretary FREEMAN. No; the level of Public Law 480 was about \$1.6 billion.

Senator MILLER. That is right. Well, that \$1.6 billion is not going to ease our balance-of-payments problem at all.

Secretary FREEMAN. It is not included in the balance-of-payments figure. It is only to the extent that dollar purchases of local currencies from previous years' agreements make a contribution.

Senator MILLER. But it is included in the total of exports; is it not?

Secretary FREEMAN. In the \$7 billion export figure?

Senator MILLER. Right. And since we take into account the \$7 billion which includes the \$1.6 billion, and then we offset that by the imports—

Secretary FREEMAN. No; we do not.

Senator MILLER. We do, if we are going to get to the \$1.9 billion favorable balance-of-agriculture trade, Mr. Secretary.

Then, I suggest to you that the \$1.9 billion ends up as being only about \$300 million in true commercial sales balance-of-payments impact—favorable balance-of-agriculture trade.

Secretary FREEMAN. May I just refer to my own testimony?

Senator MILLER. Will you check that?

Secretary FREEMAN. Let me get my own testimony in here, and then I think we might save an amount of time.

A very important reason for this spectacular gain is the market development program which is financed out of Public Law 480 foreign currencies.

I would like to comment on the significance of this export success story to our farm and city people, and to the Nation.

For American farmers, exports make up a big and expanding outlet for their production. Our farmers now export two-thirds of their annual milled rice production; over half of their wheat production; a third or more of their grain sorghums, soybeans, cotton, and tobacco; more than a fourth of their flaxseed, and nearly a fourth of their corn; and so on for a large number of other important commodities.

Last year, American farmers harvested 70 million acres for export—1 acre of every 4.

In the absence of export outlets of this magnitude, the problems of acreage adjustment and the support of farm income in our domestic program would be infinitely more difficult.

The benefits of exports are shared by nonfarm people, as well. Hundreds of thousands of workers and businessmen across the country owe part or all of their incomes to the activities created by agricultural exporting—handling, transporting, warehousing, processing, packaging, freight forwarding, insuring, financing, and related activities. Exporting has, in itself, become a vast industry.

Then, there is the matter of balance-of-payments benefits.

It is not generally known but it is a fact of which we should be very proud that American agriculture, through its export earnings, is today doing more than any other segment of the Nation to hold back the critical outflow of dollars.

The contribution of American agriculture is relatively new. In the early 1960's there was an unfavorable balance in our commercial agricultural trade. Our country's expenditures for agricultural imports were larger than the earnings from agricultural export sales for dollars. At that time nonagricultural exports—machine tools, airplanes, chemicals, and hundreds of other industrial items—were carrying the load in our balance of trade.

In the past 2 years, however, this situation has been sharply reversed.

Senator HOLLAND. I want to commend you on those last three paragraphs. I think it is fine that the Nation generally recognizes that agriculture is making a tremendous contribution—

Secretary FREEMAN. Thank you.

Senator HOLLAND (continuing). In our export business, aside from any humanitarian reasons whatever. And I think that you have made the point well in those three paragraphs.

Secretary FREEMAN. Thank you, Senator Holland.

Senator YOUNG. If there is some claim for a socialistic tendency, it is a pretty efficient operation.

Secretary FREEMAN. I would rise to disagree with that label, as you well know—as you would.

In 1966 our country's nonagricultural sector had a trade deficit of \$470 million; our agricultural sector had a net commercial trade plus of \$982 million.

In 1967, our nonagricultural trade had a deficit of \$300 million; our agricultural trade had a plus of \$585 million.

Nor is this the total picture. There also are certain financial benefits coming directly from the Public Law 480 program in the form of avoided dollar expenditures, and these have the same helpful effect on the balance of payments as dollar earnings. I am thinking specifically of the way our Government is able to use foreign currencies generated under Public Law 480 to pay various U.S. expenses abroad, including embassy costs, market development financing, and many others. In 1966 these dollar returns came to \$169 million. In 1967 the returns were \$331 million.

So I would emphasize again that our agriculture exports have become a tremendous national asset. It is our agriculture right now that is keeping our Nation's overall commercial trade balance on the favorable side. Public Law 480 is helping agriculture to make this contribution. And as Public Law 480 contributes to economic growth in recipient countries it builds future commercial markets for American products.

The third part of our test of Public Law 480 has to do with such economic development. Is the program mainly a crutch for the less developed countries—or is it providing strength to help them stand on their own feet?

This is a critically important question, and it is one that I would answer by saying Public Law 480 is helping a large number of recipient countries to improve their self-reliance, especially as we operate under the new self-help requirements of the program.

A good test of economic development is a country's improving ability to buy the things it wants in the commercial marketplace. Already a number of countries that once received food aid have become important commercial customers.

The classic examples are, of course, Japan, Italy, and Spain. Under Public Law 480 and earlier aid programs, they received considerable assistance. Today they are among our best cash customers.

Japan in 1956 imported \$370 million worth of American farm products, a third of it under Public Law 480. Today, Japan is buying a

billion dollars worth of our farm products annually, all of it for dollars, none of it under Public Law 480.

Italy in 1956 imported \$114 million worth of our farm products, nearly a third under Public Law 480. Now Italy's purchases are approaching \$300 million a year, for dollars, none under Public Law 480.

Spain in 1956 imported \$125 million worth of our farm products, practically all under Public Law 480. Ten years later these imports had grown to \$200 million, practically all for dollars, none under Public Law 480.

Public Law 480 came to these countries at a critical time in their economic development. They were ready to carry out their own self-help programs but they needed some help in getting started. Once started, they have moved forward on their own momentum.

I would like to cite three more countries. These also are dramatic in their transition from aid to trade for the reason that they started with less and have had further to go. They are Israel, Taiwan, and South Korea. I will illustrate with their purchases of wheat.

In fiscal year 1962, Israel got 166,000 tons of U.S. wheat under Public Law 480 and bought 105,000 tons commercially. Last year Israel's wheat purchases under Public Law 480 were cut in half and her commercial buying was expanded by almost half.

Taiwan's wheat imports under Public Law 480 were 325,000 tons in 1962 and dropped to zero last year. At the same time, her commercial buying of our wheat rose from 9,000 tons to 280,000 tons.

During this same period, South Korea's Public Law 480 wheat imports dropped from 337,000 tons to 331,000 tons, while her commercial imports of wheat went up more than 13 times, from 26,000 tons to 341,000 tons.

This matter of economic development is extremely important to our own export promotion efforts. It is only through economic development that a poor nation can become even modestly affluent. It is only through economic development that a developing nation can improve the buying power of its citizens and thereby make the transition from aid to trade.

Our Economic Research Service has tested this relationship between economic development and consumer buying power, with some interesting results. Based on 1964 data, we found that countries with per capita incomes of more than \$600 a year—such as Japan and in Western Europe—bought commercially \$7.88 worth of U.S. farm products per person per year. Countries with a per capita income of \$200 to \$600, such as Venezuela and Brazil—bought \$4.18 worth per person. And countries having per capita incomes of less than \$200—such as India, Pakistan, and some others in Asia, Latin America, and Africa—bought only 30 cents worth of our farm products per person.

There are 22 countries that now buy only 30 cents worth of our farm products per capita per year. They have a combined population of 835 million, four times the size of our own population. If each of these people last year had been able to spend just \$1 in buying our farm products—and believe me, these people would like to buy more from us if they could—we would have exported \$800 million additional farm products and our export total for the year would have

come to more than \$7½ billion. If they had spent \$2 apiece more for the food and fiber products they would like to buy from us, our exports for the year would have approached \$8½ billion.

I have referred to the underdeveloped countries in the aggregate as a sleeping giant which, once aroused, will be the largest market in the history of the world. But this sleeping giant will awaken only when stimulated by the increased buying power that comes with economic development.

This is why our self-help requirements are of such importance.

An indispensable key to general economic development anywhere is agricultural development. I do not know of any really progressive country anywhere in the world that has a backward agriculture. The two go hand in hand—as a matter of fact, agricultural development must precede and serve as a base for industrial development.

We have strong evidence that this agricultural development is taking place, and some of this evidence appeared recently in our annual world agricultural situation report, which says:

The past year was one of record output for world agriculture and, most significantly, a record for the less developed world. Per capita agricultural output in the less developed countries (excluding Communist Asia) increased about 5 to 6 per cent in 1967, a recovery to the level of 1964 or slightly above. In particular, most of the developing countries with large populations—India, Pakistan, and Brazil—made substantial gains in the production of grain and other foods.

I am not trying to say that Public Law 480 with its many features, including strengthened emphasis on self-help, was entirely responsible for this bumper world crop. In many areas, bad weather gave way to good weather and growing conditions were excellent. But I will say that a good crop in many countries were made even better because of improvements stimulated by the self-help emphasis that Congress wrote into Public Law 480 in 1966.

India's record harvest, for example, is due not only to good weather but to the much greater emphasis India is now giving to agriculture. India has provided incentive prices for its farmers and has doubled its use of improved, high-yielding seed and almost doubled its availability of fertilizer. In these, and many other helpful developments in Indian agriculture, there is no question but what American assistance programs—including food, technical, and economic aid—have played an important role of stimulation and support.

**THE CHAIRMAN.** Particularly with reference to India, do you not think it might be a good idea to use more of her own rupees out there to loan to farmers so that they can obtain more fertilizer and more pesticides and better seeds?

Secretary FREEMAN. Yes, sir; I do.

**THE CHAIRMAN.** Do you have any suggestion to make as to how we can improve that situation?

Secretary FREEMAN. Well, pursuant to the amendments made to the law by this committee we have launched a program in this direction, and it, again, has not become fully operative in all respects but strong emphasis is being given to them, and I think that they will provide an important stimulus to this agricultural economy.

**THE CHAIRMAN.** Is there any way to improve that, in your opinion?

I notice that you are suggesting that the act be renewed as is, without any further amendments.

Secretary FREEMAN. I do not think of any legislation that would permit it.

The CHAIRMAN. Do you think we have enough flexibility in the act whereby you can do this?

Secretary FREEMAN. I think it does this more directly under the operations of Mr. Gaud, and he may have some comments on that.

The CHAIRMAN. We will get to him later.

Senator HOLLAND. I would like to ask one question. Why have you not mentioned improved and enlarged irrigation much of which has been made possible by our help?

Secretary FREEMAN. Only because of space limitations. This is a very important factor. There is no question about that.

The CHAIRMAN. Another thing, Mr. Secretary, while you are at it: As you recall, last year, we attempted to write into the law a provision which would limit our food donations and operations as to what other countries did. The section of the law does not make it obligatory. It simply provides that the President shall use his best efforts in order to obtain other countries to share in assistance to the starving people. It has always been my contention that the idea of assisting people is an international problem. As a matter of fact, we do not owe anything to India, nor to Pakistan, except we feel, from a humanitarian standpoint, that assistance should be given to them. They have people starving.

Do you think the time has come when you can make it more realistic in putting in this act that would limit our donations and our credit terms dependent upon what other countries do?

In other words, as you remember, we put in a figure last year of 40 to 50 percent that the United States would be willing to contribute toward assisting people, provided the rest would be furnished by people capable of doing it, either by way of furnishing currency or tools and pesticides and things of that kind; in other words, what I think we ought to try to do is to try to shift this humanitarian problem from the back of the United States, as it has been in the past, almost entirely, to letting other countries share in this contribution.

Secretary FREEMAN. Let me comment on that, and then turn to Mr. Rostow.

First of all, let me just say that, certainly, in part, because of the emphasis by this committee and the President's strong agreement with the policy that these obligations should be shared, that this need should be met by other nations as well as the United States, there was negotiated, as you are well aware, Mr. Chairman, a provision in the Kennedy round to provide for a 4½ million-ton resource of grain to be made available by the countries that are signatory to that agreement, to be used to meet these humanitarian needs around the world. This is a very substantial step forward in that direction.

In addition, where India was concerned, why, very strong efforts were made. And Mr. Rostow traveled literally around the world working on that, and there was a very substantial sharing. I think that is clearly established, as a matter of policy: and I would think—I do not have any proposals or amendments before me, but such amendments will not be necessary and, conceivably might even create prob-

lems if written in the law as such. Do you want to comment on the consortium on wheat?

Mr. ROSTOW. Yes; I will report this briefly to you. This exercise which we had last year was discussed here very thoroughly at the time. I think it worked out very well. I think that our targets were substantially met. I think that the Kennedy round agreement, which is before you now as a part of the International Grains Arrangement, represents great progress in that direction. As Mr. Gaud said, there has been a steady movement over the years which our Government has sponsored and encouraged toward internationalized aid, generally, and particularly in the field of food. We had a very good response in a special emergency program for India, and our target, as I say, was very close to being met. I think the decision of the committee and the Congress not to make a fixed percentage mandatory was justified in the event, because each country had a different problem in finding funds and means of cooperating. The whole effort precipitated changing aid policies in Italy, in France, and in the Netherlands, which facilitated the flow of commodities to match our food aid. I think, as Secretary Freeman has suggested that a mandatory provision might have been counter-productive whereas the aid target in the negotiations was extremely helpful. We had good cooperation from all of the countries concerned, each one trying in his own way, in terms of his own appropriations and pipelines and availability to cooperate in this effort. And the consortium referred to here accepted the target of the special food aid program as an addition to the regular consortium program.

We think the situation as it is now is a very strong policy which limits our own participation and encourages international cooperation—which has been met with an excellent response among these countries—I am inclined to think that a mandatory provision in the law, fixing the percentage, would not help in the negotiating process and it might hurt in special emergency situations such as the one we had during the drought in India last year.

The CHAIRMAN. Well, now, Mr. Rostow, could you be a little more specific and make available for the record the amounts of food necessary and how other nations of the world contributed to that?

Mr. ROSTOW. I have a paragraph in my prepared statement on the Indian food exercise last year, but I can amplify that to any extent you like.

The CHAIRMAN. Well, as you recall, we thought that all countries of the world that are able—and there are many—should contribute to this worthy international problem, and if you would be a little more specific and put into the record what the amount of food necessary, how it is to be furnished and by whom, it would be helpful.

Mr. ROSTOW. Sure. I can give you a pretty clear statement now, if you would like it.

The CHAIRMAN. That is in your statement?

Mr. ROSTOW. Yes.

The CHAIRMAN. We will get to you in a little while.

Senator HOLLAND. May I ask a question of Mr. Rostow?

The CHAIRMAN. Yes, sir.

Senator HOLLAND. With the new level of prices in the world sale of wheat as proposed by the new agreement that came out of the Kennedy round on the sale and distribution of wheat and other grains under

Public Law 480, it is my understanding that, although the agreement has not reached the Senate yet—so far as I know it might be in the Foreign Relations Committee—the level of prices is raised—and assuming the ratification of that agreement—how will it affect Public Law 482 programs as to these food grains?

Secretary FREEMAN. I will be happy to respond.

I do not think it will affect it at all. Basically, it will hold the price at about, we hope, the current world price level, at about 20 cents higher than it otherwise could have been under the old international wheat agreement. I do not think it will involve any additional cost under Public Law 480, and I do not think it will have any direct effect on the volume under Public Law 480. It will protect the wheat farmers' income, and, if it works as we hope it will, it will prevent the world price from dropping as far as it otherwise could clearly drop.

Senator HOLLAND. I am glad to hear that. I was glad about this proposed new treaty. I think it amounts to that. It might raise the price of our food or feed grains—whether it covers more than wheat, I do not know. I have not seen the agreement.

Secretary FREEMAN. Just wheat.

Senator HOLLAND. I am glad to hear that it does raise the proposed minimum price by 20 cents.

Secretary FREEMAN. That is correct.

Senator HOLLAND. And yet it occurred to me that it might have some effect, either desirable or undesirable, on Public Law 480 programs.

Secretary FREEMAN. No; I do not foresee that it will have any direct effect on the Public Law 480 program one way or another. I suppose that we could say that if we got into an international price war on wheat which could certainly happen in the absence of an international wheat agreement, that you would have lower wheat prices and, as such, Public Law 480 programs might cost less, but there will be a host of bad effects from that, as you have just indicated, which we need to prevent; and, therefore, this agreement, as negotiated, I do not think will affect Public Law 480 one way or the other.

Mr. Rostow. I think I might add one word. It will affect our economic position in another way, which is entirely favorable, and that is the Food Aid Convention, under that treaty, provides for the establishment of a fund to which the consuming-importing countries will contribute cash to cover some part of their shares which will be used for the purchase of wheat.

Senator HOLLAND. In other words, instead of some countries sharing the whole load, the consuming countries, if ratified, will do what Senator Ellender has been talking about—contribute more to the program.

Mr. Rostow. That is right.

Senator HOLLAND. I yield to Senator Young, because he has much more knowledge of this wheat situation than I, but when I heard the terms of this agreement, it seemed to me that it could not help but be helpful insofar as the sale of our wheat was concerned, but that it might have a different effect on our Public Law 480.

Mr. Rostow. Well, probably we will sell a little more on commercial terms.

**Senator YOUNG.** I appreciate the compliment but I am a long ways from being an authority on this subject.

To the extent that this raises the world price of wheat it will reduce export subsidies necessary to export wheat; will it not?

**Secretary FREEMAN.** That is correct.

**Senator YOUNG.** This will be one of the beneficial effects?

**Secretary FREEMAN.** It will be a beneficial effect; that is right.

**Senator MILLER.** May I ask one question?

**The CHAIRMAN.** Yes.

**Senator MILLER.** I believe you said if it was not ratified we might have a price war which would reduce the price of wheat which, in turn, might cost the Public Law 480 program less; is that right?

**Secretary FREEMAN.** That is correct.

**Senator MILLER.** By the same token, however, if the price increased, might this not cost Public Law 480 programs more?

**Secretary FREEMAN.** Yes.

**Senator MILLER.** And then further, if the price is increased enough to encourage other countries which are producing to produce even more, might it not have an adverse impact on our exports?

**Secretary FREEMAN.** This is the big question that no one can resolve and no one can answer with a flat "Yes" or "No." We do think that a price near the top possible under the arrangement would have the effect of stimulating production. On an economic basis, we believe that, but also all of us realize if that happens the agreement will not work and there will be an international price war with all of the disastrous circumstances. So, there is involved in this implicitly a kind of international supply-management agreement that will have to see whether it is adhered to by other countries as well as the United States.

**Senator MILLER.** In that connection, I have heard it said that since France has started to subsidize their own wheat to their farmers tremendously, that if this was ratified, this would mean that they would have to subsidize their wheat farmers less and it would cost the French Government considerably less for their own wheat production in their country.

**Secretary FREEMAN.** I do not think that is true, because it will not make that much difference on world prices now. It will prevent a large production—the production forecast, absent disastrous weather circumstances, will be such that there is little likelihood of a real sharp world price increase, but there is a very great likelihood, as of now, of a very sharp downward break in price in the absence of some machinery to prevent that break. So, I do not think it will have much effect. The French are subsidizing through the EEC their wheat exports, to the extent that they can find markets. They are doing that enormously already, and it will not have any effect on that one way or the other.

**Senator MILLER.** Will you or one of the other witnesses tell us whether or not the U.S. Senate could ratify the food-aid convention without having to ratify the international wheat agreement?

**Secretary FREEMAN.** No; it could not be done.

**Senator MILLER.** They are part and parcel of the same thing?

**Secretary FREEMAN.** They are part and parcel of the same proposition.

**Senator YOUNG.** On this subject, I would like to ask another question or two.

Canada is the second biggest wheat exporting country.

The price that their farmers receive now is above the world market price. Most wheat exporting countries subsidize their exports in one way or another?

**Secretary FREEMAN.** That is correct.

**Senator YOUNG.** They all do that. There may be a few countries where a little increase in price, like in the Argentine, might encourage a little more production, but I doubt if this would be sizable or significant.

**Secretary FREEMAN.** I would agree that this is the part that is argued by those who oppose the International Grains Arrangement; particularly, some elements of the grain trade argue very strongly that it will result in having a minimum price that will stimulate increased production. There are very reputable economists who think that is not true, but in any event I would repeat that I think that every country is on notice in the International Grains Arrangement that it provides by its terms that if other countries break through the price minimum, there is machinery to appeal that procedure and to act accordingly to meet that competition. And we have made it clear to other countries in no uncertain terms that the United States is not about to be a residual supplier, and if they are unwilling to cooperate, to make this agreement work, even if it involves some supply management proposition, why, they are put on notice that we are going to be in there competing for those markets and we are going to get our fair share and our historic share and without any ifs, ands or buts about it.

**Senator YOUNG.** Even with this increase in the world price made possible under the International Grains Arrangement, this is a dollar a bushel less than the consumers are paying in practically every European country now?

**Secretary FREEMAN.** That is correct; that is correct.

**The CHAIRMAN.** Proceed, please.

**Secretary FREEMAN.** The fourth, and last, part of the Public Law 480 preamble on which I would like to comment is the program's importance in promoting U.S. foreign policy.

President Johnson, in his foreign aid message of February 8, spoke of the great truth upon which all our foreign aid programs are founded:

Twenty years ago,

Said the President—

America resolved to lead the world against the destructive power of man's oldest enemies. We declared war on the hunger, the ignorance, the disease, and the hopelessness which breed violence in human affairs.

We knew then that the job would take many years. We knew then that many trials and disappointments would test our will.

But we also knew that, in the long run, a single ray of hope—a school, a hybrid seed, a vaccination—can do more to build the peace and guard Americans from harm than guns and bombs.

It is hard to measure on an input-output scale what Public Law 480, with its food aid and development assistance, has done to promote our Nation's foreign policy. But I would like to turn this around

and ask what would have been the negative effect if we had denied to struggling nations these things we have made available?

What if we had remained aloof during their years of need?

What if we had held back the thousands of shiploads of food that have kept millions of hungry people alive?

What if we had not, through Public Law 480, generated the many millions of dollars worth of local currencies which have built dams and schools in countries sorely needing them?

And what if these funds had never been available to strike the spark of life and provide much of the financing in our own export development program?

What if, in our companion assistance programs, we had told people around the world that we would not share the secrets of our own agricultural success? That we would not consult with them on how to set up a research station? Or agricultural college? Or fertilizer factory? Or irrigate their lands?

But instead we have provided them these things. We have shared to a degree that is unprecedented in human history. We have been providing them, within our abilities, those rays of hope which more than anything else help to build the peace and help to guard America.

And, within our abilities, we must continue to do so.

Mr. Chairman and members of this committee, I think Public Law 480 is doing a magnificent job for our Nation and for our friends abroad.

I fully support the extension of the present law for 3 years and I earnestly hope that it will be approved in the near future by this committee and by the Congress.

The CHAIRMAN. Mr. Secretary, there are two questions that I would like to ask you: You feel that you have sufficient authority in the act as it is now the law to get people who obtain food from us to use that food in lieu of local currency to pay for what is done on public works; in other words, the same as we have in Tunisia?

Secretary FREEMAN. Yes, sir.

The CHAIRMAN. The suggestion has been made here, and, of course, I have always been for that, I thought it was a good use that could be made of it, in that way it makes the people earn it, and you say that you feel that you have sufficient authority to do that?

Secretary FREEMAN. Yes, I think there is sufficient authority to do that.

The CHAIRMAN. Another question that arose, not only during these hearings but in the past, that since we have had surpluses in the past, that the countries would expect to get from us easy terms or by way of gifts, or both, much of their requirements from other countries for money, cash, in the hope that we would be the residual supplier and that we would come to their rescue. I have been thinking of this. I would ask your opinion about it. Would it be feasible for us to put in the law or have something done to carry this plan out, that all those who obtain food from us, either by way of grants or by way of easy credit, that if they purchased, say, an X number of dollars of food from other countries, that we should have our just share of the purchases made by that country? In other words, if India, for instance,

is in need of an X number of bushels of wheat and she gets from us quiet a lot on easy terms but yet goes out and purchases for hard currency from other countries, some of us believe that we should have equitably in those purchases, and it strikes me that is a good idea. I have talked about it the last year, but we could not devise any language at the time to carry this out. But it strikes me that if the countries we have served are able to buy part of their food for hard currency, that we should share in that; that they should buy from us, too, and we ought to make their capability of buying a part of the assistance we give to them.

Secretary FREEMAN. I certainly share in the objective; but I would be happy to submit for the record what has taken place in this respect in these 2 years where I think the countries in question, without having put it into the law, have been substantial traders with the United States. Both India and Pakistan, for example, have bought substantial quantities of wheat, commercially, here. I think that if you try to write this into the law, it would be misunderstood and would do more harm than good.

The CHAIRMAN. The idea is to call their hand; at least, to make them buy from us in proportion to what they obtained from us on easy terms, because in the past, as you know, many countries depended on us and have treated us as a residual supplier of goods. They would get all they could from other countries and then come to us with easy terms and get the balance that was needed.

So, I wish you would put in the record something on that.

Secretary FREEMAN. I will put that in the record. I hope, and I believe you will agree, that there has been progress in this respect and that these countries have recognized that turnabout is fair play and that they should consider commercial business here as well as the concessional.

The CHAIRMAN. If we can, at this time, devise any language to put into the law; we might put something in the report if we cannot put it in the law.

Secretary FREEMAN. That could be done.

The CHAIRMAN. And with the facts and figures that you furnish us, we can use that as a basis.

Secretary FREEMAN. Very well, sir.

(The information referred to follows:)

## U.S. PUBLIC LAW 480 AND COMMERCIAL EXPORTS OF COTTON TO SELECTED COUNTRIES, 1961/62-1966/67

[In thousands of bales]

Country	1961-62			1962-63			1963-64			1964-65			1965-66			1966-67		
	Public Law 480	Commercial exports																
Bolivia	5	0	5	23	2	7	0	2	4	4	0	0	4	0	4	0	6	
Chile	12	2	12	1	0	0	140	135	62	71	114	3	0	0	0	0	3	
China (Taiwan)	115	113	120	115	69	0	0	22	5	22	176	182	176	176	176	176	182	
Congo, Republic of	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Ethiopia	11	1	10	5	7	2	0	0	3	15	4	0	0	0	0	0	9	
India	143	54	282	55	189	0	242	242	121	11	84	117	117	117	117	117	150	
Indonesia	6	34	34	20	22	2	0	0	47	0	0	0	0	0	0	0	16	
Korea, Republic of	234	15	267	14	229	43	243	49	235	87	173	173	173	173	173	173	168	
Morocco	10	4	0	7	6	8	6	8	0	0	12	12	12	12	12	12	12	
Pakistan	36	0	8	2	10	0	8	1	6	0	0	0	0	0	0	0	3	
Philippines	116	37	48	62	10	109	5	91	0	95	0	0	0	0	0	0	134	
Poland	93	24	57	27	84	48	0	67	0	42	0	0	0	0	0	0	77	
Spain	152	3	0	0	0	14	0	19	0	19	0	0	0	0	0	0	1	
Tunisia	0	0	0	0	1	1	2	7	7	10	3	2	2	2	2	2	1	
Vietnam, South	29	0	33	0	73	3	48	1	52	3	55	3	3	3	3	3	12	
Yugoslavia	129	9	160	1	49	0	75	61	104	20	139	44	44	44	44	44	37	
Total	1,091	296	1,047	311	756	372	788	548	530	489	820	856	856	856	856	856	856	

## U.S. PUBLIC LAW 480 AND COMMERCIAL EXPORTS OF WHEAT TO SELECTED COUNTRIES, 1961/62-1966/67

[In thousands of metric tons]

Country	1961-62			1962-63			1963-64			1964-65			1965-66			1966-67		
	Public Law 480	Commercial exports																
Bolivia	83	10	130	4	101	9	95	40	97	4	268	628	442	442	442	442	672	
Brazil	1,143	288	1,055	353	713	546	1,080	33	95	52	20	234	26	26	26	26	121	
Colombia	96	52	42	74	51	119	52	1	5,902	1	7,266	3,927	184	184	184	184	184	
India	1,991	560	3,436	115	4,451	12	8	252	35	221	63	40	109	109	109	109	109	
Iran	122	-----	209	12	139	64	88	93	188	50	547	7	82	82	82	82	145	
Israel	166	105	194	75	626	85	507	23	547	7	331	7	331	331	331	331	341	
Korea	337	26	621	46	153	14	153	324	215	215	215	215	440	440	440	440	440	
Morocco	423	35	179	14	1,626	-----	1,767	-----	841	132	969	969	69	69	69	69	69	
Pakistan	675	45	1,389	15	127	37	138	82	15	15	204	204	203	203	203	203	203	
Peru	89	118	246	21	180	17	238	25	211	19	425	425	471	471	471	471	471	
Philippines	6	246	355	2	298	15	316	74	16	16	124	124	280	280	280	280	280	
Taiwan	325	9	325	30	220	34	82	8	164	1	43	25	98	98	98	98	98	
Tunisia	358	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	
Subtotal	5,814	1,524	7,866	1,036	8,343	1,230	10,587	688	9,756	1,896	6,355	6,355	2,650	2,650	2,650	2,650	2,650	
Other	6,426	153	5,167	346	4,401	420	4,513	99	4,711	454	5,169	5,169	1,132	1,132	1,132	1,132	1,132	
Total, all major	12,240	1,677	13,033	1,382	12,744	1,650	15,100	787	14,467	2,350	11,524	11,524	3,782	3,782	3,782	3,782	3,782	

**The CHAIRMAN.** Are there any further questions of the Secretary?

**Senator YOUNG.** I would only like to say that this program is a whole lot more helpful to the whole economy than a land retirement program which is an alternative way of holding down the surpluses.

I think that we are a whole lot better off to produce, even if we have to give away part of it, than to spend a large amount of money to retire land. Further, it is becoming very difficult to get funds for land retirement programs. We had an experience on that last year, as you know. The Senate approved funds for new contracts under the crop-land adjustment program, but the House refused to accept it. With the emphasis now on economy, it seems likely that they will be cutting the agricultural budget some more. If they do this and it affects the land retirement and diversion programs, it will mean that we will have bigger surpluses and nothing to be done with them. So, I think that the need for this program is greater today, both to help our own economy and to help people abroad.

**Secretary FREEMAN.** May I comment on that by saying that I certainly agree, but I would add that we are going to need, for the foreseeable future, both programs because our productivity has grown very rapidly and to have a balance here which is going to be economically sensible and, by the same token, to make the widest use of this productive potential, will take a careful management and will require both kinds of programs.

**Senator YOUNG.** I agree with you.

**The CHAIRMAN.** There is one more question that I failed to ask you awhile ago when I mentioned the 20-year term credit.

We had testimony here a few days ago that indicated that the dollar sales credit declined from \$311 million in 1966 to \$139 million in 1967.

I wish you would have someone look up the record on that, and if that is the case, how did that happen—what is the cause of it.

**Secretary FREEMAN.** Let me check that, if you will. I do not think that we have those figures here.

**The CHAIRMAN.** Whatever it is, put it in the record.

That was testimony that was given. I thought that it substantiated my point of view that we should have shorter terms instead of the longer terms.

**Secretary FREEMAN.** Very well.

(The data referred to follows:)

Dollar credit sales programs signed in CY 1967 had a total export market value of \$157.33 million. This compares with \$299.99 million for CY 1966. The decline can be attributed to the following factors:

1. No programs were possible in 1967 with Algeria, UAR and Yugoslavia; sales to these countries in 1966 amounted to \$95.69 million. In early 1967, a sizable sales proposal for Algeria was aborted on an issue involving expropriation of American property and by mid-year both it and UAR had broken relations with the United States. Sales programs with Yugoslavia were barred in 1967 under amendments in the 1966 extension of P.L. 480.

2. The Brazil program which in 1966 amounted to \$63.72 million dropped to \$35.95 million in 1967. The 1966 Philippines sales agreement valued at \$20 million was signed December 22 of that year with delivery taking place in 1967. For this reason, there was no Philippine agreement in 1967. The East African group consisting of Kenya, Tanzania and Uganda signed \$6.86 million worth of agreements in 1966 but made no requests in 1967.

3. Afghanistan and Indonesia, which were dollar credit countries in 1966, were permitted to buy under local currency convertible terms in 1967 because they suffered severe declines in foreign exchange holdings. Sales

agreements in 1967 for these two countries had a combined total value of \$26.95 million.

If the countries mentioned above had signed agreements in 1967 of equal size as those in 1966, the 1967 dollar credit sales transactions would have totalled slightly higher than the 1966 total.

The 1966 amendments to P.L. 480 introduced the convertible local currency program which is considered a form of transition to dollar credit in that repayment is scheduled in the form of dollars or convertible currencies. The \$152.57 million worth of such sales agreements entered into in 1967 replaced to a large extent, transactions formerly made for local currency and should be considered in the same general category as dollar credit sales.

**The CHAIRMAN.** Do you have any questions, Mr. Miller?

**Senator MILLER.** I want to say how thoroughly I agree with the statement that you made that agriculture must proceed if we are to have industrial development. I just received a copy of the report from Ambassador Bowles as to the truth of that statement with respect to India, that there should be primary emphasis on agricultural development. I was wondering, in connection with India, do you have any figures as to the amount of food that probably will be required for shipment to India during the next 2, 3 or 4 years?

**Secretary FREEMAN.** No. It is very difficult to make any very hard projections, because of the very rapid shifting of conditions in India. It is just involved in our basic questions as to the level of stocks and the elimination of food zones, and a lot of other factors that you are thoroughly aware of. I would hesitate to try to come out with any hard numbers, except to say that I think that we will need to continue to give rather substantial assistance to India. One year does not make a fortune. And, hopefully, they will be able to develop some reserves, and this will be a great forward thrust in their economy, but I hate to talk numbers right now.

**Senator MILLER.** As I understand it, they expect to have over 100 million tons of food grain production in the current crop year, and that this is adequate from the standpoint of self-sufficiency of the people in India. Nevertheless, we are continuing to export Public Law 480 shipments to them so that they will be able to acquire buffer stocks up to 6 million tons.

**Secretary FREEMAN.** That is correct.

**Senator MILLER.** Looking down the road and recognizing that just because of the 100 million tons of production, that does not mean that it will be distributed where it is needed, but looking down the road, if they have a break on their monsoons and continue to forge ahead as they are, certainly, in the use of hybrid seed and fertilizer, it would seem that we might well hope for the continuance of 100 million tons or more production a year. If they have the buffer stocks of upward of 6 million tons, as the result of our assistance, I am just wondering if we may be pretty close to the point where we will not have to ship any food aid?

**Secretary FREEMAN.** That certainly is their goal and their target, and they have set the year 1971 as the time of their food-sufficiency if at all possible.

**Senator MILLER.** Do you share my hopes that they will be able to do this?

**Secretary FREEMAN.** I certainly share your hope. I am equally cautious, as you are, in predicting that with any assurance.

Senator MILLER. I would like to get back to this figure of \$585 million on page 6, representing agricultural trade plus in 1967. Is that \$585 million in short-term commercial sales? Does that have, for example, for all practical purposes, an impact on our balance of payments in 1967 of \$585 million, or is there some of that that carries over for more than a year?

Secretary FREEMAN. Very little. The figure includes actual purchases under the CCC credit program on commercial terms.

Senator MILLER. Do you know how much of that there would be?

Secretary FREEMAN. I do not know, offhand.

Senator MILLER. Would you supply that for the record?

Secretary FREEMAN. We can do that, and we will be glad to do so. (The information follows:)

Total commercial agricultural exports in 1967 totalled \$5.2 billion of which \$340 million represented purchases under the CCC Export Credit Sales Program. Nearly \$200 million of the \$340 million were payable within one year (more than \$100 million—within six months).

Senator MILLER. I will now come to Mr. Rostow, on the next question.

The CHAIRMAN. Senator Byrd has some questions.

Senator BYRD. I have no questions of the Secretary. I do have some questions of Mr. Gaud.

The CHAIRMAN. You are next, then, Mr. Gaud.

Mr. GAUD. Mr. Chairman and members of the committee, in the interest of saving the committee's time, if it is agreeable to you, perhaps I could submit this for the record rather than read it—if that is satisfactory.

The CHAIRMAN. If you will highlight it, so that we know what it is.

Mr. GAUD. All right, sir.

I want to second completely the recommendations that have been made by the Secretary. We, in AID, have found, and still find, Public Law 480 an extremely good adjunct to what we are trying to do. Because of its self-help provisions—and the Department of Agriculture and ourselves work together in requiring self-help performance from these countries to which we give assistance, both food assistance and otherwise. Because of the local currency, that is generated by Public Law 480 sales, which is used in many ways to support our programs. Because of Cooley loans. Because of the title II provisions which provide food-for-work projects and also for humanitarian programs, both of ourselves and voluntary agencies.

In AID today top priority in all of our programs goes to two things: One is increasing agricultural production, and the other is encouraging and supporting family planning programs, trying to help these countries reduce their rapid rate of population growth.

To give you some idea of the extent to which we are concentrating our agricultural production, of the \$800 million total amount we are requesting from the Congress, one-third of our total budget request goes to the direct support of agricultural programs.

In addition to that, of course, many of the loans that we make, much of the technical assistance that we offer these countries, indirectly supports agricultural production.

Agricultural production cannot succeed in any country unless there is improvement in the entire economy of the country. The farmer has to be able to buy fertilizer and pesticides and the new seeds that Senator Miller spoke of. He has to be able to get a good price for his products. And he has to be able to buy consumer goods with the money that he makes, or he is not going to be interested in making money. So that, directly, one-third of all of our money goes to support agriculture production and, indirectly, a great deal more.

The big question, it seems to me, before the world today, apart from the overriding question of peace, is whether we can avert a food crisis in the next 20 years by growing more food in the underdeveloped world.

There is a further question of whether, in the longer run, the countries of the world will be able to control their populations and avert a food crisis further down the road. But for the next 20 years or so, it seems to me it is largely a question of whether the world can avert a food crisis by growing more food.

It is too early to say—and I believe Secretary Freeman and Senator Miller just indicated that they agree it is too early to say—that we will avert this crisis. But there is a good deal of evidence to indicate that this crisis can be averted.

There is a record crop in India this year. There is similarly a record crop in Pakistan. There is a record crop in the Philippines. There is a record crop in Turkey. There is greatly increased production in a number of other countries. I feel very strongly that these results are due not entirely to weather but due to the use of new seeds, to the use of more fertilizer, to the better use of water, and to price incentives. More of these developing countries are looking at the food price structure with an eye to the producer rather than an eye to the consumer. There have been a whole host of policy changes which have been made in these countries which are encouraging the production of food.

Now, Public Law 480 is playing a very important part, as we see it, in this whole business, both in agriculture production, and on the family planning side. It plays a part in the short run because of the immediate needs for food in some countries. It plays a part in the longer run because of the factors I have mentioned: The self-help provisions, the local currency provisions, the Cooley loans, the title II food—all of which serves as a stimulant to the development programs which are going on in these countries.

So that, from our standpoint in AID, this is an extremely important program, and we strongly recommend its extension to the committee.

I thank you.

(Mr. Gaud's prepared statement is as follows:)

Mr. Chairman and Members of the Committee, the Agency for International Development strongly seconds Secretary Freeman's endorsement of P.L. 480 and of S. 3069, which provides for its extensions.

The Secretary has explained the many ways in which P.L. 480 has served this nation well. I would like to expand upon the way in which P.L. 480, along with the dollar loans and the technical assistance provided by A.I.D., is helping the developing countries "meet their problems of food production and population growth," in the words of Section 103.

Food needs in the developing countries will double during the next twenty years. The President's Science Advisory Committee Panel on the World Food Supply tells us that these countries must attack both parts of the problem. They must grow more food, much more food. And, to avoid even graver food problems

after 1985, they must adopt effective family planning programs now. A.I.D.'s most important business is to help on both jobs.

Food and population programs have the highest priority in the Agency. We work closely with the Department of Agriculture to assure that P.L. 480 assistance and our dollar programs under the Foreign Assistance Act complement one another for maximum development results.

A large portion of our budget goes directly for agricultural development. Nearly a third of our proposed dollar budget for FY 1969—about \$800 million—is for agricultural programs (in FY 1968 we will spend about \$570 million for this purpose). Our dollar loans finance fertilizers, pesticides, machinery for fertilizer plants and other goods which boost food production. All our loan money is spent in the United States. We finance technical assistance—expert advisors—to help developing countries set up farm credit organizations, extension services, irrigation systems, seed research, and other important agricultural programs. In India, nearly 40% of all our technical assistance is for agricultural work.

P.L. 480 provides a strong assist to agricultural development. P.L. 480 commodities go to countries which are working to solve their own food problems. The self-help provisions which the Congress wisely wrote into P.L. 480 in 1966 require that before entering into any commodity sales agreement the President must consider the extent to which the developing country is helping itself to increase per capita food production and improve storage and distribution facilities for agricultural commodities. We welcomed this emphasis upon self help. As President Johnson has pointed out on numerous occasions, our aid program is "rooted in the principle of self help."

The P.L. 480 self help provisions have been very useful. A December 1967 P.L. 480 agreement with India calls for a number of self help measures by the Indian Government: the establishment of buffer food stocks; government purchase of all food grains offered for sale at announced procurement prices; increased irrigation activities; and increased use of pesticides, fertilizers and high yield seeds. In Indonesia, where fertilizer prices heretofore discouraged extensive use of fertilizers, a P.L. 480 agreement now provides that the Indonesian Government will take steps to establish a more favorable spread between fertilizer prices and rice prices.

Also in accordance with the 1966 amendments to P.L. 480, we are progressing from local currency sales to dollar credit and convertible local currency credit sales. In calendar year 1967, local currency sales were about \$912 million, 75 percent of total P.L. 480 sales. Our general rule is annually to increase the credit portion by 20 percent of the total sale: that is, 20 percent of the sale is on credit during the first year, 40 percent is on credit during the next year, and so on. Thus we plan to complete the transition to credit sales in early calendar year 1971, ahead of the statutory deadline of December 31, 1971.

Local currency generated by P.L. 480 sales has helped significantly in agricultural work.

In Brazil, about 80 percent of the cruzeiro proceeds of the October 1967 P.L. 480 dollar credit sale will finance loans to cooperatives and small farmers and to Brazilian subsidiaries of American firms for agro-business investment.

Under Pakistan's Rural Works Program, which has received \$242 million in P.L. 480 rupees since 1963, villagers in East Pakistan have built more than 70,000 miles of farm-to-market roads and drainage ditches and other improvements on more than 4 million acres—15 percent of the farmland in the area.

In the Philippines, P.L. 480 local currency supports irrigation projects and supervised farm credit.

In Ceylon, P.L. 480 proceeds help to build farm-to-market roads.

In Morocco, a large irrigation project, improved forage and seed production.

In Bolivia, rural water supply systems.

In India, nearly \$2 million in P.L. 480 rupees will finance a number of important nutrition projects, including the development of low-cost protein foods.

P.L. 480 local currency also finances other projects basic to economic development.

In the Congo, 15,000 miles of roads and bridges are being reconstructed and a year-round channel in the lower Congo river is being dredged under P.L. 480 local currency projects.

In West Pakistan, P.L. 480 grant rupees have financed construction of school space for 250,000 children and 2,000 community centers.

P.L. 480 local currency provides Cooley loans to private American firms and their foreign affiliates and to foreign companies investing in enterprises which increase American exports of agricultural products. These loans support some important agro-business projects. Cooley loans totaling \$21.8 million in rupees were made for the Coromandel fertilizer project, India's largest fertilizer plant. This \$70 million project, owned by two American companies and an Indian company, was dedicated last December. It is now producing some of the fertilizer which India vitally needs to increase her food production. During 1967, A.I.D. made Cooley loans totaling \$29.5 million in 13 countries for a variety of projects including a fertilizer plant in Pakistan, seed processing and research in India, and animal and poultry feeds in Chile.

Title II food for work projects are also increasing food production. In the Philippines, for example, a major irrigation system was rehabilitated and expanded under a food for work Title II program run by the Catholic Relief Services. As a result, rice production in the area will more than double. This is but one example of the excellent work of the voluntary agencies under Title II. In Korea, nearly one half million acres of land have been reclaimed and redistributed under a Title II food for work program. A barren countryside has been transformed through flood control, rice paddy rearrangement, terracing, irrigation and reforestation.

Mr. Chairman, P.L. 480's self-help focus and A.I.D.'s emphasis upon agriculture have had a good deal to do with the good results we are beginning to see. Food production is increasing in the developing world; in 1967, per capita food production was up 6 percent over 1966. In 1967 Pakistan brought in a record wheat crop and has an excellent chance to become self-sufficient in foodgrains in another year or two. India harvested a record crop of more than 95 million tons of foodgrains and could become self-sufficient in foodgrains in another three or four years. The Philippines had a record rice crop and are about to become self-sufficient in rice.

Some credit for these record performances must go to the weather. But a lot of the credit goes to new seeds, increased use of fertilizer and sound agricultural policies of developing nations.

What we might call a "green revolution" begins with the new seeds. The rice seeds IR-8 and IR-5, developed at the International Rice Research Institute in the Philippines, can yield four to six times as much as most traditional varieties when used properly with enough fertilizer. The Philippines produced a record rice crop with only 14% of their rice acreage in the new seed. The new seed will cover much more ground this year. The new Mexican wheat seeds quadrupled Mexican wheat production and are now doing the same thing in India, Pakistan, Turkey and other developing countries. In 1967, the new wheats covered 700,000 acres in India; this year they will cover 6 million acres. Another 10 million acres in India will be planted with high yield rice, sorghum and millet.

Along with the new seeds must go fertilizer, lots of fertilizer. Pakistan, for example, used about 30,000 tons of fertilizer in 1960 and practically none of it on food crops. In 1969 Pakistan will need 420,000 tons, mostly for food crops. A.I.D. proposes to lend \$60 million to Pakistan in FY 1969 just to finance fertilizer imports. In 1960-1961, India used 375,000 tons of fertilizer. Today she is using over 2 million tons a year. For FY 1969 we propose to provide \$200 million in development loans, almost half of our Indian program, just for fertilizer imports. We also plan to finance the expansion of one major Indian fertilizer plant and the construction of another new fertilizer plant to be built and run by a group of American and Indian cooperatives.

The new seed, the fertilizer, and the pesticides, water, roads and other physical resources must be accompanied by new agricultural policies. It must be made profitable for the farmer to grow more food. And the farmer must be taught how to grow more food. The Philippines rice program is a good illustration. As the *Manila Times* explained it, the Philippine Government adopted a policy of "subsidizing production and not consumption" to induce farmers to grow more rice. Farm credit was also provided. An A.I.D. loan of P.L. 480 pesos, about \$1.3 million worth, helped private rural banks to finance the new seed and fertilizer. A rice kit developed by the A.I.D. Mission, with seed, fertilizer, pesticide and instructions, told the farmer "how to do it". A.I.D. financed the first 100 kits; more than 22,000 have now been sold.

New policies also mean more government support for agriculture and more private sector participation. In 1966-1967, for example, India, increased her budget for agriculture by more than one third. Pakistan, at A.I.D.'s urging,

opened up fertilizer distribution to private enterprise. Until recently, fertilizer was distributed through government outlets even at the retail level. By last summer there were over 10,000 private fertilizer dealers in East Pakistan—an increase of 50 percent in one year—and more private dealers are entering the field.

Let me now turn to the other half of the problem—population growth. Here too I can report some progress although not nearly as much as in food production. Some 26 countries representing over a billion people in the underdeveloped world now have official family planning policies. A number of countries are hard at work on their population problems. A.I.D. is doing all it can to help.

Our policy is to provide assistance, when asked, for voluntary family planning programs. We do not force a family planning program, or any particular type of family planning program, on any country. And we will not assist any program unless it leaves each individual free to decide whether he or she will participate in any family planning activity. We do not make family planning a condition of aid.

Our assistance for population work has increased sharply. Our dollar programs amounted to \$2.5 million in FY 1965; this fiscal year we have already obligated or committed over \$23 million for population projects. We will fund additional projects before the end of the fiscal year and hope to reach the \$35 million figure contained in Title X of the Foreign Assistance Act. Our population staff in A.I.D. has increased from 8 people in 1966 to 52 people today.

Population work requires substantial amounts of local currency. Indeed, the vast preponderance of family planning program costs are local currency costs—salaries for family planning workers, advertising costs, training costs, and the like. Here P.L. 480 plays an important role. This fiscal year we have already programmed over \$10 million worth of P.L. 480 local currency for population work, principally in India and Pakistan. In India, we have obligated \$4 million worth of rupees for population work, including a very large family planning advertising campaign, perhaps the largest advertising campaign ever mounted in India. In Pakistan we expect to obligate about \$5.3 million in rupees for family planning projects.

Cooley loans can also help in population work. In 1967, A.I.D. made a Cooley loan of \$168,000 in rupees to a Pakistani subsidiary of the G. D. Searle Company, of Chicago. The Searle plant in Pakistan will make and market drug products including contraceptives for Pakistan's family planning program.

Some developing countries have strong family planning programs in being. Pakistan is running a good program at a cost to herself of about \$12 million a year. Pakistan's goal is to reduce the birth rate from 50 per 1000 to 40 per 1000 by 1970 and it looks as if this ambitious goal can be met. South Korea is conducting a very successful family planning program. An estimated 30 percent of all Korean families now practice family planning. Since 1964 the population growth rate has dropped from 3 percent to about 2½ percent. The Koreans' goal is to reduce it to 1.9 percent before the end of 1970. The Indian Government is budgeting about \$41 million for family planning this year, against \$1.8 million in 1963-1964. This is a start. Much more is required if India's population problems are to be solved.

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In summary, Mr. Chairman, I can report that P.L. 480 help is going to countries which are making substantial "efforts to meet their problems of food production and population growth". Their efforts are producing results. P.L. 480 has helped greatly.

We urge the extension of this vital legislation.

The CHAIRMAN. You have always considered—at least, your predecessors in AID have always considered—that Public Law 480 was a supplement to AID. Do you now think that you could use this more directly to what you can do with cash? In other words, reduce our cash contributions and use more of the food to carry on aid?

Mr. GAUD. This is much more the attitude today than it used to be. I think that the change took place—well, it took place because of two things, primarily, I think: One is that food is, of course, no longer surplus at home. The other point that is important in this connection is that most of these countries, many of them in which we are concentrating our development efforts, realize the need to put agricultural

production ahead of industrial production, to concentrate more on the agricultural sector.

And for both of these reasons, I think that Public Law 480 is playing a much more central part in this process.

The CHAIRMAN. You mentioned self-help in the AID program.

Mr. GAUD. Yes, sir.

The CHAIRMAN. In the food-for-peace program.

Mr. GAUD. Yes, sir.

The CHAIRMAN. That has been the keynote in the AID program, self-help?

Mr. GAUD. That is right.

The CHAIRMAN. Unfortunately, that has not been pressed too much in the past as it should have been. I am very hopeful that we can proceed and say that we will do this for you if you will do that for us. In other words, attach strings to it.

Mr. GAUD. That is right.

The CHAIRMAN. I tried to do that when the AID program was first on the statute books. And what answer did I get then from the then Secretary of State? "If you do that, you are going to incur a lot of trouble, and some of them may have to give up some of their programs and will not accept aid." I said that they did not have to accept aid, unless they follow through with the suggestions that we make. And if we had done that then, in my humble judgment, the self-help that you are now emphasizing—if you had simply done that, we could have done much better with one-half of the money that has been spent.

Mr. GAUD. I think you are right.

The CHAIRMAN. There is one question that I would like to ask: When the President sends over to the Congress his aid program it is always bare bones; it is less than it has ever been. What I would like for you to do is to put in this record—I am glad you approve. [Laughter.] That is all right. I would like for you to furnish for the record, for the last few years, where the aid program has been \$2 billion, like last year, and this year, \$2.4 billion—to put in the record the contributions that we make to these various banks.

Mr. GAUD. That is right.

The CHAIRMAN. So that for the record I wish that you would put in, or furnish for the record, all of the aid we furnished in 1966 and 1967 and what you propose in 1968.

Mr. GAUD. I will be glad to do that.

(For the information above, see p. 138.)

The CHAIRMAN. Are there any questions?

Senator Byrd?

Senator BYRD. Yes, Mr. Chairman.

You mentioned a moment ago, Mr. Chairman, about your suggestion several years ago that these programs should be put on the basis of self-help and that our Government should say to some of these other governments: "If you want our aid, then you will be required to do certain things."

That brings me to this proposition, as to our situation in South Vietnam. And our question is: Whether we are insisting that the South Vietnamese Government do more to help themselves in this crisis in which they are in and we are in.

Mr. GAUD. Yes, Senator Byrd; we have, as you can imagine, a great many problems. There are a great many ways in which we would like to see the Government of South Vietnam improve its performance.

Senator BYRD. I should like to see it done.

Are we taking firm steps requiring it to be done?

Mr. GAUD. Yes, sir. A great deal of effort is going into this on the part of Ambassador Bunker and his team out there. It is a question of whether or not we are always getting the results that we want, but we are doing everything that we feel we can do in this respect.

Senator BYRD. You say that you feel can be done, but that does not get to the point. You have not reached the point that Senator Ellender has suggested that could have been reached some years ago in regards to foreign aid. You have not said to these governments: "You are going to have to clean up your corruption, or we are going to take other steps."

Mr. GAUD. As far as the economic side is concerned, of which I can speak better than the political side, we have gone a good deal in terms of self-help. For example, one of the principal programs that we have had in South Vietnam for some time has been a commodity import program to help them meet their threat of inflation—not a threat of inflation but their real inflationary situation. As their capacity to import commodities has increased, we have reduced the amount of that program, and they have increased their commitments to it. For example, in the last 3 years, or a little less than 3 years— $2\frac{1}{2}$  years ago—we were supplying commodities to help stabilize the economy at the rate of about \$400 million a year. Today, we are down to about \$200 million a year. We have reduced that sharply.

We have, in the agriculture area, gone along with them in a program which they have underway to increase their rice production by 50 percent between now and 1971, from 4 million tons, roughly, to 6 million tons upon the condition that they take certain steps with respect to maintaining prices at a high enough level so that the farmers will have an inducement to grow more food, upon the condition that they put the distribution of fertilizer in the private sector rather than distribute it through the Government, and thereby avoid corruption. And subject to their taking a number of other reforms. These they have done, and this program is going fairly well. That is, until the Tet offensive came along at the end of January. We do not know where it will stand in the future.

We are making efforts, as effectively as we can, to get the Government to face up to this question of corruption, to do something about it.

I am sure that you saw in the paper the other day that seven province chiefs have just been removed because of corruption; and two corps commanders have just been shifted because of corruption.

Our people who are out there working with the South Vietnamese customs people tell us that while the performance of the South Vietnamese still leaves a good deal to be desired, they are moving ahead more vigorously than they were before in trying to stop smuggling and this sort of business.

Senator Byrd, it seems to me that the ultimate question here is this: Here is a sovereign country, and we attempt to use as much persuasion as we can to get it to act the way that we feel it should act. You come

to the ultimate question it seems to me: Are you prepared to use the ultimate sanction in South Vietnam if they do not do X, Y, and Z? That is about what it comes down to in the last analysis, and I do not think that we are prepared to take such steps.

Mr. ROSTOW. Could I add a little bit to what Mr. Gaud has said?

The CHAIRMAN. Yes.

Mr. ROSTOW. I agree with what he said, as to the advice and suggestions we have made to the South Vietnamese Government with respect to economic and political matters, especially the basic process upon which we have depended, the development, politically, of the Government. As you know, that, of course, has made very great progress in this last year. The progress has been demonstrated in the resistance by both the Government and the people during the Tet offensive. The primary objective of that offensive was to destroy the political base of the Government and to destroy the Army of South Vietnam so that we would be left alone without any real Government to support.

So far as the elections go, the people have participated in the process of creating a definite Government and their Government has taken increasing responsibility in dealing firmly with these problems of corruption and maladministration.

Senator BYRD. How serious and how widespread has the corruption been there?

Mr. ROSTOW. There has always been a problem in that country, as in many other countries. It has been increased by the temptations of the war—the enormous outflowing of money and the availability of money, through the process of procurement and with the presence of foreign troops. Progress has been made increasingly on the part of the governmental structure, which is doing something quite visible under extraordinary circumstances. And the men who are strongly against corruption are the ones that are coming forward and taking the lead.

Senator BYRD. In that connection, have we considered using script instead of dollars in that part of the world as we did in World War II?

Mr. ROSTOW. Yes, sir.

Mr. GAUD. We do that, sir. Our troops in South Vietnam draw military script—that part of their salary which they get in South Vietnam.

Senator BYRD. In other words, no dollars then are going into South Vietnam?

Mr. GAUD. Not by way of payment to our troops.

Senator BYRD. Script only to the troops?

Mr. GAUD. So far as our aid program is concerned, they do not get any dollars from us at all. It is entirely a matter of goods, shipped from here for our aid programs. Now, there is the matter of construction salaries by contractors and the like.

Senator BYRD. Are they in dollars, or script?

Mr. GAUD. Dollars go into the country. They are not script; they are not script; no, sir. They are dollars. It is only the military who are being paid in script.

Senator BYRD. Only the military?

Mr. GAUD. Yes.

Senator BYRD. May I ask Mr. Rostow this question?

In your judgment, is a long war in South Vietnam advantageous to the Russians?

Mr. ROSTOW. No.

Senator BYRD. It is not advantageous. In the long run, it is not advantageous to them?

Mr. ROSTOW. The public image—

The CHAIRMAN. We are off the subject.

Senator BYRD. He has answered my question, anyway. I am satisfied.

The CHAIRMAN. We have quite a few other witnesses yet to hear.

Senator BYRD. I am satisfied with his categorical answer. I am glad to get it but I do not agree with it.

The CHAIRMAN. Are there any further questions on the subject?

Senator YOUNG. Just one, which Mr. Gaud can answer. I saw a newspaper story the other day, which I presume is accurate. They predicted that by the year 2000 the population of the world would be doubled and that this will present a problem of producing enough food. We have a divided world now, Communist and non-Communist. All of the wheat-exporting nations, with the exception of the United States, sell to all of the Communist countries with the possible exception of North Vietnam. Whether they sell there or not makes no difference, because they can get all they want from China. My question is: Are these other exporting countries helping to increase production in the Communist countries as we are in the non-Communist countries? Do you know?

Mr. GAUD. I do not know. I just do not know the answer to that question. I do not know how well we are doing on that. You are right about the doubling of the population by the year 2000. I think it is pretty clear that this is just not my opinion. The President's Science Advisory Committee which went into the question submitted last May or June a report, and I think everybody else agrees with it, that it will be impossible to feed the world by merely increasing the food production by the year 2000. In addition to that, you have to have some reduction in the rapid rate of population growth.

Senator YOUNG. Along with increased food production, we are getting a lot of substitutes for food?

Mr. GAUD. That is true.

Senator YOUNG. We have learned how to produce crops without too much rainfall. We are doing that in my State. Thank you.

The CHAIRMAN. In connection with family planning, I do not know that it will add much emphasis, but in the bill that I introduced, I put in a section there that in order to stimulate the program, maybe, that not less than 5 per centum of the funds generated in the country can be used for family planning.

Do you think that will probably emphasize and help the situation?

Mr. GAUD. Yes, I would strongly favor any provision in the bill which would encourage family planning programs provided they were left on a voluntary basis. I think that it would be a mistake to make it a condition of aid or to require them to do so. I would strongly favor any change that would encourage this.

The CHAIRMAN. We asked for that, I think, last year. I was in favor of making it obligatory, but I was convinced after hearing a lot of witnesses that it might be best to proceed on a voluntary basis. I think,

in our report, we will try to emphasize it, and then provide that not less than a certain amount of the money can be used for that purpose.

Mr. GAUD. Yes, sure.

The CHAIRMAN. Are there any further questions?

Senator MILLER. You have stated, Mr. Gaud, that the question, so far as the world food crisis is concerned, is really whether or not the hungry countries will be able to grow more food.

Mr. GAUD. Yes.

Senator MILLER. I take it that that is as against any other possibility, other than Public Law 480 purposes?

Mr. GAUD. I think, sir, that we could, if we wanted to, meet the food gap for a few years. But on the basis of the figures I have seen—I am talking primarily from the President's Science Advisory Committee's report—that no matter how much we increase our production—or, at any rate, it does not look as though it would be possible for us to increase our production to the point where we would be able to meet the food gap after another, say, 7, 8, or 10 years.

So, as I see it, there comes a time when no matter how big a Public Law 480 program we have, you still have to have substantial increases in production—greatly increased production—in the developing countries.

Senator MILLER. I think that philosophy underlies the Secretary's testimony before the Joint Economic Committee, in response to one of my questions, looking down the road, we should not expect any greatly enlarged Public Law 480 program.

Mr. GAUD. That is right.

Senator MILLER. But at the same time, in response to a question by the Chairman, he said that he was giving consideration to the use of grains or food instead of cash. I am not sure that I understood the implication of that, but I think what the Chairman is driving at is what are the possibilities of cutting down on some of our cash foreign aid and using some of our foods for aid.

Have you given consideration to that?

And it would seem to me that it would be contrary to what I understood your position to be, that you cannot look forward to much of an expansion of Public Law 480 if we are going to concentrate on the real root problem which is growing more food in the countries concerned.

Mr. GAUD. Well, I am sorry that I have not made myself clear.

I think that the opportunity for using food as a substitute for other types of aid is very small. There are very few countries where this can be done today, and I think probably there will be fewer in the future. Take countries such as India and Pakistan, for example. I think that we would be very foolish and ill-advised to give them any more food than we have to give them. The essential point is to encourage them to increase their agricultural production.

Take Korea as another example. When they need more food; we do not want to cut into our cash sales for that country. We do not want to substitute food for cash sales. So that door is closed in the case of

a great many countries. We have gone around this mulberry bush here in the last few months together, and we find there are very few places where you can do this. We are considering it where it makes sense, and there we do it. There is not much opportunity for such substitution. It seems to me inevitable that if we follow the guidelines that we are following now and if we achieve the objectives that we are working towards now, that Public Law 480 is going to go down steadily.

Senator MILLER. In connection with this objective of telling other countries to grow more food for themselves, do you agree with the conclusion by the Secretary 2 years ago when we had published a survey—I think it was of these 22 food-short countries, which indicated that there were about, I believe, 10 or 12 of them—the Secretary will remember this—and he might check that figure—10 or 12 of them which had an actual increased rate of agricultural production over and above the United States and many other developed countries, that the conclusion for the difference between those countries, which had many differences in their climate and fertility of soil and their governments, was a common denominator of the national will to do something about it.

Mr. GAUD. Yes, sir. May I say one thing more there? May I add a sentence or two, if I may, to my prior answer?

When I talked about increased agricultural production in these countries leading to a decline in Public Law 480, the companion thought to that, the result will be—if we are successful in this and at the same time are successful in raising their standards of living—that as Public Law 480 goes down, commercial sales should go up. I see a net gain to the United States in this.

Senator MILLER. I am pleased that you brought that point out.

One last question. What are the possibilities of transferring some of our Public Law 480 activities into the multilateral activities of FAO?

Mr. GAUD. I think that the Secretary knows more about FAO than I do. But I have a point of view on this, and that is, I think that if you are asking for self-help, and if you are interested in performance, you are much more likely to get it on the basis of past experience through our programs than you are through the FAO.

Secretary FREEMAN. Well, I would say in connection with FAO that I have been a strong advocate and supporter of multinational programs. However, I am at this point reserving judgment because it may be very difficult to apply the self-help principle within a one-nation, one-vote international organization. I would not want to go any further than that right now.

Senator MILLER. Do you think that the people—whether or not it is on a multilateral basis—or whether it would be a self-help basis, that it would be as strong as our own bilateral?

Secretary FREEMAN. That will certainly be one of the keys to it. In any event, skillful, effective administration is required. It is a very complicated and difficult field in which to operate.

Mr. Rostow. Could I enter a word, too?

The CHAIRMAN. You are next, Mr. Rostow.

Mr. Rostow. We have built up over the last 2 years what we think is a very successful device through the banks and the fund in organizing multilateral group assistant for aid programs in different countries where you do not have this one-state, one-vote principle and where you have the leadership of a very powerful and experienced secretariat. The problem of deciding which international route to go is a complicated one. We are all in favor of making greater progress in internationalizing problems there.

Senator MILLER. Are you referring to the consortium?

Mr. Rostow. Yes, I am.

Senator MILLER. I wonder if for the record we might have Mr. Rostow provide us with a statement of the consortium and how it works. I think it would be helpful for the record.

Mr. Rostow. Some are called consortiums and some are called consultative groups. We will give you a complete rundown on them.

Senator MILLER. Thank you.

(The information follows:)

#### CONSORTIA AND CONSULTATIVE GROUPS

The principal arrangements for multilateral coordination of AID development assistance to particular countries are consortia and consultative groups.

*Consortia*.—There are three active multilateral consortia: the two for India and Pakistan established by the World Bank and the one for Turkey established by the OECD. There is a less active OECD consortium for Greece.

Consortia meet under the chairmanship of the IBRD or OECD to review the foreign exchange situations of the recipient, assess development plans and performance, and make pledges of assistance to meet development finance requirements. Consortia have been effective in sharing the aid requirements among various donors, in coordinating assistance activities, and in focusing attention and influence on needed self-help and reform measures.

##### *How a Consortium works*

*Pakistan*.—Nine countries plus the IBRD and IDA belong to the Pakistan Consortium which was established in 1960—Belgium, Canada, France, Germany, Italy, Japan, Netherlands, U.K., & U.S.

In preparation for Consortium meetings a World Bank team evaluates Pakistan's progress and problems under its development plan, and assesses projected needs for foreign assistance. The resulting report then becomes the focus of discussion at Consortium meetings where a consensus evolves on development policies and assistance needs.

Consortium members have pledged over \$3 billion for Pakistan's second and third Five-Year Plans of which about \$1.5 billion was from the U.S., excluding PL 480.

*India*.—Austria, Belgium, Canada, France, Germany, Italy, Japan, Netherlands, United Kingdom, United States and the IBRD and IDA are members. This Consortium was organized in 1958 as an ad hoc group; since 1961, when it became recognized as a continuing body, it has held fifteen formal meetings, the latest in March 1968.

Consortium members have pledged over \$6.5 billion for the India Third and Fourth Five-Year Plans of which about \$2.5 billion was from the U.S., excluding PL 480. Net disbursements in CY 1966 totaled \$1.1 billion.

*Turkey*.—Austria, Belgium, Canada, Denmark, France, Germany, Italy, Netherlands, Norway, Sweden, Switzerland, United Kingdom, United States, IBRD, and European Investment Bank (EIB) are members.

The Consortium was organized in 1963. Pledges of program, project and debt relief assistance in 1967 totaled \$330 million of which \$130 million was from the United States. Net disbursements in CY 1966 amounted to \$219 million, of which \$117 million was from the United States.

*Consultative Groups.*—These are less formal than consortia in that they do not impose an obligation to provide periodic pledges of assistance to meet assistance needs. A.I.D. participates in Consultative Groups established by the IBRD for Colombia, Nigeria, Morocco, Thailand, Tunisia, Peru and Korea, and by the IDB for Ecuador. The United States is a member of consultative groups for Malaysia and the Sudan, and aid group for Ceylon, and has supported foundation of a new Consultative Group for East Africa.

There is considerable variation in the scope of responsibility for different consultative groups. Some have considered only project needs; more are now examining total development programs.

#### *How a Consultative Group works*

*Tunisia.*—The IBRD Consultative Group for Tunisia was organized in May 1962 and held three meetings during 1962–1963. After a two-year hiatus, it was revived in October 1965, and is now meeting on a regular basis.

This Consultative Group (1) assesses aid requirements, (2) presses for effective development policies and performance, and (3) coordinates the substantial assistance programs of the numerous donors—fourteen countries, including the United States. The IMF, UN Development Program (UNDP), African Development Bank and European Investment Bank participate as observers.

Since 1966, coordination among principal donors has improved considerably. The IBRD has expanded its role as spokesman for the Consultative Group and is giving special attention to the lagging agricultural sector. In a new and experimental step, the World Bank established a Working Party on Agriculture in 1967 within the Consultative Group which examined the Tunisian Government's program for agricultural development in detail. The resultant report includes a description of past and current agricultural performance, on-going agricultural development projects, and proposed agricultural projects.

The enclosed tables show 1966 disbursements through Consortia and Consultative Group arrangements as well as 1967 pledges to India, Pakistan, Turkey, Indonesia and Ghana.

MEMBERSHIP IN CONSORTIA AND CONSULTATIVE GROUPS<sup>1</sup> AND 1966 NET DISBURSEMENTS  
[In millions of U.S. dollars]

	Consortia										Consultative groups					Aid group, IDB— Ecuador IBRD— Ceylon
	OECD					IBRD					Tunisia					
	IBRD	India	Pakistan	Greece	Turkey	Colombia	Korea	Malaysia	Morocco <sup>2</sup>	Nigeria	Peru	Sudan	Thailand	Tunisia		
IBRD	-12.9	3.9	-	26.7	21.6	-	22.5	11.6	27.5	13.8	7.3	14.6	3.4	-	-1.2	
IDA	154.2	62.1	-	17.0	2.6	-	-	3.2	-	2.0	1.6	-	1.3	0.1	-	
IDB	-	-	-	12.1	-	-	-	-	-	-	-	-	-	-	1.9	
EEC	-	18.7	6.6	-	-	0.3	2.3	-	-	-	-	-	-	-	1.1	
Austria	-	4.5	-	1.1	1.0	-	-	-	-	-	-	-	-	-	-	
Belgium	1.1	(4)	(4)	1.4	.1	(4)	4.1	.1	.3	.4	(4)	.8	(4)	-	-	
Canada	10.7	31.7	-	-	-	(4)	-	(4)	-	-	-	.7	.6	-	5.2	
Denmark	-	-	-	-	.3	(4)	-	(4)	-	-	-	-	-	-	-	
Finland	-	-	-	-	-	-	-	-	-	-	-	-	-	-	.5	
France	55.4	35.6	4.5	7.8	7.5	17.1	1.5	6.0	1.2	49.1	2.1	17.6	29.5	4.4	.6	
Germany	1.4	21.3	.5	4.2	-	-	-	5.3	(4)	-	-.3	.8	-.7	3.1	-1.3	
Italy	49.5	-	-	-	-	-	-	31.2	.4	-	.2	(4)	(4)	3.7	-	
Japan	-	-	-	-	-	-	-	-	-	-	-	-	-	.1	6.9	
Kuwait	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Netherlands	10.5	2.9	-	-	1.0	.7	-	-	-	-	.3	-	1.0	-	1.7	
New Zealand	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Norway	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Spain	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sweden	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Switzerland	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
United Kingdom	89.4	24.0	19.3	19.3	(6)	(6)	(6)	13.2	(6)	16.0	(6)	(6)	(6)	(6)	(6)	
United States	744.0	198.0	6.0	117.0	58.0	166.0	6.0	47.0	30.0	30.0	2.0	21.0	39.0	20.0	5.0	
Total	1,206.8	379.5	38.6	220.2	96.6	209.3	49.7	110.0	101.2	63.0	18.3	61.8	81.9	23.0	29.6	

<sup>1</sup> The IMF and UNDP participate in most of the consortia and consultative groups, as well as CIAP, the EEC, and regional development banks, as appropriate. The IBRD is a member of all consortia and consultative groups and the Ceylon aid group.

<sup>2</sup> Formally established as a group in 1967.

<sup>3</sup> Other countries participating include Argentina, Brazil, Chile, Colombia, Israel, Mexico, and South Africa.

<sup>4</sup> Less than \$50,000.

<sup>5</sup> Data not available.

OFFICIAL ASSISTANCE THROUGH SELECTED COORDINATION ARRANGEMENTS,<sup>1</sup> 1967 PLEDGES<sup>2</sup>  
 [Amounts in millions of U.S. dollars]

	Fiscal year 1967				Calendar year 1967			
	India		Pakistan		Turkey		Indonesia	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Austria	4.7	0.5	0.1	0.1	1.1	0.3	-	-
Belgium	47.9	5.1	25.4	6.4	22.6	6.6	0.4	0.2
Canada	-	-	5.1	2.5	19.8	5.8	-	2.6
France	17.0	1.8	10.0	2.5	46.0	13.5	29.0	15.1
Germany	63.0	6.8	37.5	9.4	18.0	5.3	-	-
Italy	34.0	3.6	30.0	7.5	-	-	60.0	31.2
Japan	45.0	4.8	30.0	7.5	-	-	27.2	14.1
Netherlands	11.1	1.2	4.4	1.1	1.0	0.3	3.9	11.2
United Kingdom	89.6	9.6	22.4	5.6	14.3	4.2	2.0	14.6
Other	-	-	-	-	33.7	1.1	46.1	32.0
United States	403.3	43.3	175.4	44.0	138.2	40.6	65.7	34.2
IBRD/IDA	215.0	23.1	62.8	15.8	14.0	4.1	-	29.3
EIB/EMEA	-	-	-	-	60.0	17.6	-	38.3
Total <sup>7</sup>	931.8	100.0	398.4	100.0	340.2	100.0	192.3	100.0
							76.6	100.0

<sup>1</sup> IBRD consortia for India and Pakistan, OECD consortium for Turkey, intergovernmental group for Indonesia, and ad hoc group for Ghana.  
<sup>2</sup> Includes program and project aid for India, Pakistan, and Ghana; program, project, and debt relief aid for Turkey; letters of credit opened for Indonesia.

<sup>3</sup> Denmark, Norway, Sweden, and Switzerland.  
<sup>4</sup> Australia.  
<sup>5</sup> IMF drawing of \$25,000,000 and \$2,800,000 from Denmark.  
<sup>6</sup> Includes \$9,300,000 Public Law 480 title I.  
<sup>7</sup> Totals may not add due to rounding.

The CHAIRMAN. That will be all right with the committee and if we see fit we might print it.

You are next, Mr. Rostow. I guess that you have covered a lot of what you wanted to cover.

Mr. Rostow. I have covered, Mr. Chairman, a lot of what I was going to say. I would suggest that I follow the same procedure as Mr. Gaud, to file the prepared statement for the record, and to concentrate on one or two points that have not yet been discussed, including one that was raised earlier in questioning.

The CHAIRMAN. You may proceed in that manner and your whole statement will be made a part of the record.

Mr. Rostow. Of course, I agree with my two colleagues in urging the committee to renew Public Law 480, which has been one of the most powerful instruments of our foreign policy and one of the most effective, both in terms of long-term foreign policy goals and in terms of our national character, and in wanting to help others who are less fortunate and in the desire we all share to solve the problems of rural America.

I will comment mainly on the problem of international relations.

I might go immediately to the question you raised earlier, Mr. Chairman. The progress that has been made in recent years in internationalizing the food aid burden. And I will talk, first, about the special program last year to deal with the Indian problem which was an occasion that we all remember after 2 years of drought in India. You will recall in the past we have been providing something like 60 percent of the food aid in India. And our target in that special effort which comprised about 6 million tons for the second half of the year 1967 was a 50-percent share for the United States, about 3 million tons for us. It is very difficult to be precise, as you will recall from our discussion in this committee at that time, because of the uncertainty of the situation, but we made a very active effort to support the diplomacy of the Government of India in enlisting international support for that special effort to obtain 6 million tons of additional food aid for India without interfering with the development process in the ongoing programs, the economic development programs, supported by the Indian aid consortium.

As I said before, each country has special budgetary problems, special legislative problems in trying to arrange for its participation in this effort. Three of the countries found that by liberalizing their aid terms and making administrative adjustments they could draw on pipelines, past appropriations which had not been fully utilized.

As we said, our goal in this program was not budgetary, but the flow of commodities. We wanted to maintain the flow of food for India in this period, without interfering with the development process itself.

Because of the way in which different countries organized their participation in this special effort it is a little difficult to compute exactly how the sharing came out; indeed, we will not know until the final figures for the year 1967 are completed exactly how much acceleration of pipeline appropriations were in fact achieved on the part of three of the countries, Italy, France, and the Netherlands, as a part of their participation in it, but I can assure the committee

today that on a very hard and conservative basis, within the consortium group, they mustered, at least, the equivalent of 2.5 million tons of grain in the form of food aid or cash for food purchases or pesticides or fertilizers and other commodities directly related to agricultural development.

The CHAIRMAN. Was that 2½ million tons to be a part of what India was going to receive?

Mr. ROSTOW. That is right.

The CHAIRMAN. What about the other countries that we were assisting—have they been as anxious to assist there?

Mr. Rostow. Yes; I think that you will find that the whole process of internationalization as Mr. Gaud indicated earlier has gone on steadily with respect to all of the countries, Indonesia, Pakistan, Turkey, where we are functioning in this pattern, and I think that this experience led directly to the success of the negotiations in the Kennedy round for the Food Aid Convention which is a part of the International Grains Arrangement which is now before the Senate for its advice and consent.

Senator YOUNG. May I ask a question at that point? How many countries are excluded from the International Grains Arrangement? I suppose that some Communist countries are on the outside? Is Russia included, for example?

Mr. Rostow. It is open to membership by all members of the United Nations and its specialized agencies. The Soviet Union has not indicated any interest.

Secretary FREEMAN. I know of none.

Senator YOUNG. They would not be excluded, then?

Mr. Rostow. No, sir; not under it. Now, that Food Aid Convention which is before us, is a free commitment and represents a further step in this process of internationalization of the food aid problem. Our share in that is 42 percent, that is, it drops again from the pattern of the past as represented in the Indian experience. That convention permits its members to provide 4.5 million metric tons as aid to the developing countries. Our share is 42 percent. The European Economic Community is 23 percent; Canada's share is 11 percent; Australia, Great Britain, and Japan, 5 percent each, with smaller contributions from the four Scandinavian countries, Switzerland, and the Argentine. These contributions can be in the form of grain or cash equivalent.

Food aid under this program will be supplied on very favorable terms, as outlined, on a grant basis, or for local currencies, which will not be available for use by the contributing countries.

Participating countries have the right to specify the recipients of their contributions and they may channel through international organizations, if they wish, such as the world food program. So that there, again, I think that we have made a further step—a very important step toward international responsibility for the war on hunger.

The 4.5 million metric tons provided by the arrangement represents an annual volume of about \$300 million, three times the annual present target of the world food program. And as I indicated before, Mr. Chairman, I think that the way it will work out may well result in commercial purchases from us for this program on the part of other countries.

I think I have finished.

The CHAIRMAN. Thank you.

Your statement will be made a part of the record at this point.

(The prepared statement of Secretary Rostow is as follows:)

Mr. Chairman, I thank the Committee for the opportunity to discuss the renewal of PL 480 this morning. I am not aware of another piece of legislation that serves such a broad spectrum of US interests or that is so deeply rooted both in the belief of all Americans in helping others who are less fortunate and in the desire we all share to solve the problems of rural America.

The Administration has asked for renewal of this authority without change until December 31, 1971. My colleagues have stated their reasons for this proposal, and I strongly endorse their views.

I should like to raise one additional issue from the special vantage point of the Department of State: As the Committee knows, the President has asked the Senate to advise and consent to US participation in the International Grains Agreement. This agreement includes a Food Aid Convention which provides a new multilateral commitment by developed nations and represents a major breakthrough in food aid burden sharing. It runs for three years. We need sustained authority to maintain our participation in this agreement.

We are pursuing a strategy designed to alleviate chaos and unrest in the developing world by helping to bring the food output and economic capacities of hungry nations into line with their food needs.

At the present time, two-thirds of the world's people live in less developed countries but they receive less than a third of the world's income. If present trends continue, this gap between rich and poor will widen.

Timely provision of food aid is a valuable foreign policy instrument in this fight against hunger and poverty. And it is one whose contribution to our own national interests and to the peoples and governments assisted by it far outweighs the call it makes upon our own resources.

Last year, calendar 1967, we sold and donated under PL 480 about \$1.4 billion in agricultural products. This amounted to roughly 15 million tons of commodities, enough to supply one pound of foodstuffs a day for every man, woman and child on earth for more than a week. Among other things, it supported a child feeding program for 48 million children and helped to reduce the misery of 8 million people in drought-stricken Bihar and many more in other states of India. And it cost this country less than two-tenths of a percent of last year's gross national product. It cost the American citizen, Mr. Chairman, less than two cents a day to participate in this world-wide fight against hunger.

The passage of the Food for Peace Act of 1966 gave the United States a basic food policy instrument that is capable of doing our part of the job. Its important new features—making food aid conditional on the efforts of the countries to help themselves; providing assistance and encouragement to family planning programs; permitting the planning of our production to meet foreseeable needs for food aid; and providing sufficient flexibility to tailor programs to country situations—gave us the tools we need to move ahead.

Even with these sound policy tools, we don't have all the answers. But we have learned some valuable lessons in the past decade. We all know traditional patterns of agriculture must be transformed as fast as humanly possible if development is to succeed. The catch is "humanly possible."

It is extremely difficult to induce farmers whose ancestors have followed traditional methods of farming for hundreds and in some cases even thousands of years to adopt new methods. It takes time and patience. We do know, however, that once a new idea takes hold among farmers—and more importantly its economic value sinks in—that the idea spreads. This has lead in some countries to black markets in farm inputs, like fertilizer, before government policies caught up with the farmers' demands.

We have learned that our technical farming methods which succeed here are not easily transplanted. We can, in fact, discourage farmers by handing them a technical kit they don't understand and which doesn't yield promised

results. While our aim under this program is to assist food deficit countries in working the most rapid possible transformation of their agriculture, we have to be careful that farmers will not be so discouraged by poorly adapted innovations that they will refuse to try good ones.

In recent months, there has been much confusion about where the food problem stands. We have heard extended arguments, by "Malthusian pessimists" that the war on hunger is already lost, that it is only a matter of time before the remnants of the battle line leave the field altogether. We have heard an opposite view: that we are on the verge of major breakthroughs in food productivity. I think both ideas are premature. Malthus himself, after all, thought the battle was lost more than six generations ago.

At about the time Malthus was writing, Thomas Jefferson was working on designs to standardize the wooden moldboard plow. In its way the moldboard was a technical leap forward; but it soon was replaced by other plows, and later advances were even greater. In fact, most of the important changes in food productivity, and in the transformation of traditional agriculture in the developed world, have occurred since Malthus died.

On the other hand, important and apparently easy innovations can take time. In this country it took more than a generation for the production of hybrid corn to catch on. It really took hold after World War II.

Last year, Mr. Chairman, we were told by the President's Commission on Food and Fiber that the 38 poorer nations, those with per capita incomes of less than \$100, have each experienced two major outbreaks of violence since 1958. This reflects an instability that undermines productive energies and retards development. These outbursts are clearly related to persistent economic backwardness, to poverty and to the pressing weight of hunger. And they, in turn, feed the destructive and desperate impulses for violence.

It would be foolish, however, to say that the food problem is the developing world's only enemy. It is not, any more than communist doctrine is free man's only political challenge: but all the destructive elements of human society feed on despair and the conflicts of an unstable world are made worse because of it.

Our basic strategy in the developing world, including our attack on the food problem, is to alleviate the sources of unrest and instability through assisted self-help. In the same general way that we helped Western Europe, we are helping countries in various developing regions to create strong and stable political and economic institutions and encouraging them to work together in international groupings for defense and economic development. The nations of Latin America are working together with us in the Alliance for Progress. Many free nations of Asia also are banding together in organizations to promote trade, economic growth and defense.

We are helping these peoples, both by providing a shield against aggression and by providing aid to prime the whole growth process. We hope that the groupings being formed and the policies being applied and considered by these countries will, in time, enable them to overcome the confusion and uncertainty that robs honest effort of its real rewards.

PL 480 contributes in many ways toward these basic objectives. It has proved to be an invaluable catalyst of self-help in many areas of agricultural development and it encourages and assists voluntary family planning programs. It bolsters the advancement of free economic institutions and aids in the development of markets for US agricultural products. It encourages adoption of liberal trade and investment policies. And it helps free nations to develop and move toward more stable and more advanced societies.

We do not achieve any of these goals necessarily through any one agreement or sequence of agreements with PL 480 recipients. Basic habits, customs and institutions do not change overnight. We advance here, as everywhere, by successive steps which are in the interests of all the parties concerned. We need continuity of influence and persuasion to do this.

But there are encouraging developments. The dimensions of the food problem and the self-help nature of its solutions are now widely perceived. It is widely understood by poorer food deficit countries that food aid can only temporarily

fill the gap between present hunger and future ability to feed themselves better from home production. While I was in New Delhi last month to take part in opening the Second United Nations Conference on Trade and Development, I saw many hopeful signs of this in the documents and statements made by representatives of developing nations.

But, as the President has stressed many times, Mr. Chairman, this is not America's burden alone.

As you will recall, the Administration made a major effort last year to improve food-aid burden sharing in order to deal at that time with India's food needs generated by a second year of drought. Many countries joined us, and with the cooperation of the IBRD we were able, within the Aid Consortium group, to muster on behalf of India resources equal to about 2.5 million tons of grain in food aid, cash for food purchases, debt relief and other support of agricultural development.

While that effort was being pursued on an emergency basis, a major new multilateral burden sharing program was being negotiated in Geneva and Rome—the food aid convention of the International Grains Agreement of 1967. This is the first time in history that a food aid program has been made a part of a commodity agreement. Many developed nations of the free world have joined in this multilateral commitment to provide 4.5 million tons of grain or the cash equivalent of grains in each of the next three years, starting July 1.

We have not yet achieved a victory over malnutrition, the protein gap that blights the productive potential of millions of children; we have not yet beaten the undernutrition that shortens productive life in many nations and robs these nations of the income and the human progress that longer life and healthier bodies would give them.

But we do have the experience and the determination to work with others to solve this problem. Enactment of this legislation will help us to get on with the job.

The CHAIRMAN. A while ago I asked you to be a little more specific.

If you could furnish for the record what other countries have been furnishing during 1966 and 1967, because that is really the time since you have been trying to get assistance from other countries, and because of the fact that we consider this a humanitarian effort and it should be joined in by all other countries, it would be appreciated. What I would like to have is a statement indicating what various countries have actually furnished. You should have 1966.

Mr. ROSTOW. Surely.

The CHAIRMAN. And whatever you know about 1967.

Mr. ROSTOW. We will be very glad to do that.

The CHAIRMAN. And compare that with the efforts which we are putting forth.

Mr. ROSTOW. Yes.

The CHAIRMAN. I think that it will be very salutary to do that and it will make it possible to have this act enacted without any difficulty.

Mr. Rostow. We will be very glad to do so.

(The information follows:)

#### INTERNATIONAL RESPONSE TO INDIAN FOOD CRISIS

In response to the food crisis created by poor harvests in 1965/66 and 1966/67, an emergency relief campaign for food contributions and related assistance was organized under the general auspices of the India Aid Consortium chaired by the World Bank. These contributions represented an effort in addition to the U.S. PL-480 and mutual security food aid commitments previously agreed. The data below refer to the emergency campaigns only.

Prior to the 1966 campaign, no multilateral program of food aid as such existed for India, but the United States, Canada and Australia did provide food aid on a bilateral basis. To put the emergency effort in perspective, the table shows bilateral contributions for 1965 and total United States PL-480 aid to India for all three years.

## CONTRIBUTIONS OF FOOD AID TO INDIA

[In millions of dollars]

Donor	1965	1966	1967
Canada	124	71.0	63.9
United Kingdom		21.6	<sup>2</sup> 38.4
France		8.4	2 12.1
Germany		8.1	24.8
Italy		25.0	(2)
Netherlands		8.3	(2)
Belgium		.2	1.2
Scandinavia		9.9	4.8
Austria		1.8	.7
Australia	(1)	9.1	9.8
Japan		2.0	13.2
U.S.S.R.		15.0	
IBRD			50.0
Other <sup>3</sup>		9.8	
Total, non-United States	31	190.2	218.9
U.S. contributions			159.4
United States, total Public Law 480 <sup>4</sup>	530.3	557.1	488.1

<sup>1</sup> Canadian and Australian food aid in calendar year 1965 are estimates derived from 1964-65 and 1965-66 fiscal year data.<sup>2</sup> In addition to their food aid contributions, Italy, France, the United Kingdom, and the Netherlands agreed to alter the criteria for utilization of prior loans to India to permit their more rapid utilization and thereby free foreign exchange needed for food grain purchases.<sup>3</sup> 34 countries in 1966.<sup>4</sup> U.S. fiscal years.

Note: All data are calendar year except U.S. total Public Law 480 sales.

**The CHAIRMAN.** Are there any questions?

**Senator MILLER.** Mr. Rostow, I wonder if for the record you would provide us with a table on the quantitative obligations by the Food Aid Convention, say with four columns, showing donor countries and another column showing the domestic tons of their commitment, and another column showing their commitment in dollars, and a last column showing the percentage of each donor country for this?

Mr. Rostow. Surely.

(The information is as follows:)

The record of foreign aid furnished in all forms; bilateral and multilateral, by members of the Development Assistance Committee (DAC) of the OECD to less-developed countries and to multilateral agencies is tabulated below. As DAC has recognized in its aid goal of one percent of each member's national income, the foreign assistance burden borne by a country may usefully be judged in relation to the size of its economy. Accordingly, the gross national product (GNP) of each member state is added for comparative purposes.

	Total official gross flows from DAC members (calendar year) (millions)			Gross national product (billions), 1966
	1965	1966	1967 <sup>1</sup>	
Australia	\$121	\$129	\$140	\$22.8
Austria	42	57	62	10.1
Belgium	102	81	85	18.1
Canada	136	234	290	53.3
Denmark	13	27	28	11.1
France	815	800	868	101.1
Germany	636	594	700	120.2
Italy	210	246	302	61.5
Japan	268	311	322	96.8
Netherlands	62	66	103	20.8
Norway	12	13	17	7.6
Portugal	31	35	35	4.0
Sweden	39	57	70	21.3
United Kingdom	549	586	580	104.7
Total, excluding United States	3,037	3,237	3,604	
United States	3,922	3,985	4,600	743.3

<sup>1</sup> 1967 figures are estimates.

There has been a movement in recent years toward increased international cooperation in the provision of aid. This has been expressed on the one hand in growing contributions from developed countries to multilateral agencies and disbursements from such agencies to less-developed countries, and on the other hand in coordination of bilateral and multilateral aid under the aegis of consortia and consultative groups. Contributions from DAC members to multilateral agencies have grown from \$442 million in CY 1965 to \$483 million in 1966 and \$701 million in 1967. Gross aid disbursements from multilateral sources has risen from \$1,247 million in 1965 to \$1,423 in 1966 and \$1,604 in 1967. Six new consultative groups were organized since 1965 and aid is now coordinated through these and similar mechanisms for 17 developing countries. The following table presents net disbursements by DAC members to multilateral agencies, consortia and consultative groups in 1966.

OFFICIAL ASSISTANCE BY DAC<sup>1</sup> COUNTRIES TO MULTILATERAL AGENCIES AND DEVELOPING COUNTRIES UNDER COORDINATION ARRANGEMENTS, 1966

[In millions of dollars]

Donor	Multilateral agencies <sup>2</sup>	Coordination arrangements	Total
Australia	14	7	21
Austria	7	7	14
Belgium	14	3	17
Canada	28	157	185
Denmark	16	1	17
France	27	91	118
Germany	36	184	220
Italy	90	19	109
Japan	51	113	164
Netherlands	15	18	33
Norway	8	-----	8
Portugal	2	-----	2
Sweden	33	4	37
United Kingdom	56	175	231
Total, non-United States	397	779	1,176
United States	86	1,489	1,575

<sup>1</sup> Development Assistance Committee of OECD. This table omits contributions by countries not members of DAC. Net disbursements have been used.

<sup>2</sup> Multilateral agencies include the International Bank for Reconstruction and Development, International Development Association, International Finance Corporation, Inter-American Development Bank, European Development Fund, European Investment Bank, and U.N. agencies.

<sup>3</sup> Includes consortia, consultative groups (including group for Morocco which was formally established in 1967), and aid group for Ceylon.

Note: A number of nations in recent years have joined the United States in providing aid in the form of food or related assistance. The record for 1965-67 is inserted below in response to a question by Senator Miller.

Senator MILLER. And then I wonder if you could give us a comparison of that for the years 1965, 1966, and 1967?

Mr. ROSTOW. What they actually did?

Senator MILLER. What they actually did, so that we will see how this new commitment, under the food aid convention, stacks up with what they have been doing.

Mr. ROSTOW. You understand that for most of the countries involved, especially the food aid donor countries, the Food Aid Convention is a supplemental obligation which will not disperse entirely the programs we have had as an ongoing matter.

Senator MILLER. I hope that it will be that way. I think that if you will give us those figures that it will be helpful.

Mr. ROSTOW. We will be very happy to do so.

(The information follows:)

## MINIMUM CONTRIBUTION OF COUNTRIES PARTY TO FOOD AID CONVENTION (FAC)

Country	Metric tons (thousands)	Value <sup>1</sup> (thousands)	Percent
United States.....	1,890	\$120,128	42.0
Canada.....	495	31,462	11.0
Australia.....	225	14,301	5.0
Argentina.....	23	1,462	.5
European Economic Community.....	1,035	65,785	23.0
United Kingdom.....	225	14,301	5.0
Switzerland.....	32	2,034	.7
Sweden.....	54	3,432	1.2
Denmark.....	27	1,716	.6
Norway.....	14	890	.3
Finland.....	14	890	.3
Japan.....	225	14,301	5.0
Other <sup>2</sup> .....	241	15,318	5.4
Total.....	4,500	286,020	100.0

<sup>1</sup> Cash value determined at a U.S. price of \$1.73 per bushel or \$63.56 per metric ton.<sup>2</sup> This contribution is reserved for new member governments as they become members of the Convention.FOOD AID<sup>1</sup> IN RECENT YEARS BY COUNTRIES PARTY TO FOOD AID CONVENTION

[In millions of dollars]

Donor	1965 <sup>2</sup>	1966 <sup>2</sup>	1967 <sup>2</sup>	FAC commit- ment
Canada.....	19.1	35.5	100.0	31.5
Australia.....	8.3	8.9	10.7	14.3
Argentina.....		.3		1.5
France <sup>3</sup> .....	.4	8.8	13.7	
Germany <sup>3</sup> .....	2.3	10.4	27.1	
Italy <sup>3</sup> .....	.2	25.2		
Netherlands <sup>3</sup> .....	.4	8.7	.6	
Belgium <sup>3</sup> .....	.1	.3	1.3	
United Kingdom <sup>3</sup> .....	1.0	22.6	38.9	14.3
Switzerland.....		1.2		2.0
Scandinavia <sup>3</sup> .....	1.0	10.9	8.0	6.9
Japan.....		2.0	13.2	14.3
Total, non-United States.....	32.8	134.8	213.5	150.6
United States <sup>4</sup> .....	1,696.9	1,615.9	1,578.0	120.1

<sup>1</sup> Food aid, particularly in the case of India, includes cash for purchase of food or transport; debt relief to free foreign exchange for commercial food purchases; and fertilizer, seed, and other types of food production assistance. The Food Aid Convention provides for aid in the form of grain or cash for the purchase of grain.<sup>2</sup> All data refer to fiscal years.<sup>3</sup> Donations to the world food program during the indicated fiscal years are estimated from data relating to longer time periods.<sup>4</sup> U.S. aid includes barter and dollar credit sales in the following amounts: 1965—barter, \$130,000,000; dollar credit, \$156,400,000; 1966—barter, \$277,900,000; dollar credit, \$172,700,000; 1967—barter, \$292,600,000; dollar credit, \$177,200,000.

Senator MILLER. For purposes of complying with the obligations under the Food Aid Convention may the donor countries meet their obligations with food aid or with capital transfers, or with technical aid or with one, or two, or three combinations of those?

Mr. ROSTOW. My recollection is that it is a grain or cash equivalent.

Senator MILLER. A grain or cash equivalent? Why do you not just put that in the record if you can?

Mr. ROSTOW. Sure. The text of this.

Senator MILLER. The text of the Food Aid Convention.

Mr. ROSTOW. Surely.

The CHAIRMAN. That is already printed.

Mr. ROSTOW. That is already printed.

Senator MILLER. Is that the whole thing?

Mr. ROSTOW. It is the message.

Senator MILLER. If you will just put in the paragraph or two, that will be fine.

The CHAIRMAN. Without objection, that will be done.

(The information follows:)

#### FOOD AID CONVENTION

##### ARTICLE II. INTERNATIONAL FOOD AID

(1) The countries party to this Convention agree to contribute wheat, coarse grains, or the cash equivalent thereof, as aid to the developing countries, to an amount of 4.5 million metric tons of grain annually. Grains covered by the programme shall be suitable for human consumption and of an acceptable type and quality.

\* \* \* \*

(3) The contribution of a country making the whole or part of its contribution to the programme in the form of cash shall be calculated by evaluating the quantity determined for that country (or that portion of the quantity not contributed in grain) at US\$1.73 per bushel.

Senator MILLER. Finally, in connection with this Food Aid Convention, are there any provisions therein requiring the self-help principle which we discussed earlier in the implementation of that Food Aid Convention?

I see some of your colleagues shaking their heads.

Mr. Rostow. I do not see it. The reason that I hesitate is that I remember a long discussion on this. And that there is a committee to examine, among other things, the way in which the obligations are undertaken under the food aid program, and how they have been fulfilled, and there is a section on food production in the recipient countries, that is, the effect on that. I think that it is more than simply a review of the donor countries' responsibility. I think that the committee is to provide information both of the performance on the part of the donor countries and, secondly, of agriculture development in the recipient countries.

Senator MILLER. Then it would be your purpose to see that although this may not be spelled out directly in the convention, that, as a matter of actual operations, this principle would be carried out?

Mr. Rostow. That is right. In any event much of the aid will be supplied bilaterally, and the United States would have the chance to work out self-help provisions.

Senator MILLER. Recognizing that the principle of multilateralism is embodied in that convention, what is the value to the United States of the Food Aid Convention in terms of trade? Has there been anything on that?

Mr. Rostow. I do not think there has been any projection on that. I think that it will be dependent upon how the action develops. The expectation is as I indicated before, that under this convention a considerable amount of cash will be available for the purchase of

grain in the world market, and some of those purchases will be made from the United States. That is expressly contemplated in the agreement itself, so that there would be one direct benefit. Over the longer run the basic benefit would be that we will receive recognition of this principle of international cooperation in meeting the responsibilities to fight the war on hunger.

Senator MILLER. And in turn helping the countries concerned develop so that they may provide export markets for us in the long run?

Mr. ROSTOW. That is right.

Senator MILLER. Is that the theory?

Mr. ROSTOW. Yes, sir.

Senator MILLER. Thank you. No further questions.

The CHAIRMAN. There is only one question that I would like to ask. I presume that Mr. Gaud could answer this one.

On my recent visit to India, last December and November, I found many check points within one state which did not permit the transfer of food from its borders to another state and I am wondering what steps you are taking in order to see to it that the food produced in India is properly distributed, because I can well see that unless that is done that there will be some starving in India, no matter what we do here.

Mr. GAUD. I think that you have put your finger on a very important point. We feel very strongly that these food zones as they call them should be eliminated. The Secretary of Agriculture here on my left has expressed this point of view very energetically to the members of the Cabinet and to Ambassador Bowles and to our mission director. We hope that as a result of this good crop and the availability of more food in India with the possibility of—what do you call it—a reserve, a buffer stock, the possibility of a buffer stock, that the Indians will take the necessary steps to eliminate these food zones.

The CHAIRMAN. Is that not something that you could do, or is there not something that you could do to force it?

Mr. GAUD. We are working very hard on it.

The CHAIRMAN. You do this and we will do that, something like that?

Mr. GAUD. We are working hard on it.

The CHAIRMAN. I am sure that every member of the committee has enjoyed talking with you gentlemen and we are very appreciative of your statements. We are indebted to you for furnishing the information you have and that which we may expect in the future.

Secretary FREEMAN. Thank you, sir.

Mr. GAUD. Thank you.

Mr. ROSTOW. Thank you. It has been a pleasure.

The CHAIRMAN. Our next witness is Mr. Hamilton. For the benefit of the remaining witnesses, I wish to announce that I will remain here as long as you are willing to stay, so that we can get through. I have another meeting at 2 o'clock on public works.

We will be glad to hear from you.

**STATEMENT OF DR. D. LEE HAMILTON, DIRECTOR, DIVISION OF FOREIGN STUDIES, OFFICE OF THE ASSISTANT SECRETARY FOR EDUCATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE**

Mr. HAMILTON. Mr. Chairman and members of the committee, I am Lee Hamilton, Director of the Division of Foreign Studies, Office of the Assistant Secretary for Education, Department of Health, Education, and Welfare. I very much appreciate this opportunity to testify on behalf of the Department of Health, Education, and Welfare in support of section 3 of S. 2986 as introduced by Senator Ellender in February of this year.

May I first offer to the committee for the record three statements which indicate how we in HEW have used Public Law 480 funds for the improvement of various activities in the field of health, education, and vocational rehabilitation.

The CHAIRMAN. They will be made a part of the files of the committee except for the first four pages entitled, "PHS Special Foreign Currency Program," which will be made a part of the record at this point.

(The document referred to follows:)

**PHS SPECIAL FOREIGN CURRENCY PROGRAM**

Funds were first appropriated to the Public Health Service in 1961 for the Special Foreign Currency Program. This Program permits local foreign currencies derived from sales of U.S. agricultural commodities to be used to support scientific activities abroad which not only assist the PHS in achieving its mission, but also, and equally importantly, serve to promote U.S. foreign policy by providing assistance designed to enhance the health and well-being of the people in recipient countries.

Every Bureau of the Public Health Service is actively involved in the Special International Research Program (P.L. 480/808). Projects are cleared individually by the Department of State, and both program and administrative arrangements are handled through the U.S. Embassy in the host country. This mechanism assures the effective coordination of PHS projects with other health related projects which may be sponsored by other agencies in the same country.

Benefits accrue directly to U.S. citizens through the conduct of programs designed to meet the threat of epidemic disease at the source rather than through communicable disease control programs in this country with attendant hazards of dangerous exposures. Indirectly, this foreign research affords the opportunity to acquire knowledge and experience not otherwise available in this country, giving us the ability to deal more meaningfully with comparable health problems here at home.

Advantages likewise accrue to participating countries through programs designed to enhance the development of an effective health structure to meet their own priority health needs. Further, those programs directly improving the health and well-being of the populace contribute to economic development by increasing available effective manpower resources.

Two important elements in the development of new programs are now being stressed. First, they must contribute to the advancement of domestic PHS programs by utilizing unique opportunities available in participating countries and, secondly, programs must be developed so that they contribute to the health needs of the host country. This latter includes not only the health status of the country but its ability to develop the necessary resources to meet its own problems in terms of health manpower and institutional development.

A variety of important and unique opportunities exists in excess currency countries to carry out studies and develop programs of great relevance to the health of the world community. The startling population increases occurring in

many places on our globe present a challenge to all mankind. Accordingly, it is proposed to reserve five million dollars of our request for the support of studies in family planning to help meet this challenge. Projects will include the development and evaluation of contraceptive agents, studies in reproductive biology, and an examination of psychosocial and demographic forces in population growth.

These latter elements are essential to the evaluation of population and family planning programs now being initiated throughout the world. In many cases, these and other programs are carried out on a collaborative basis between two or more countries and, more recently, with the expert advice and assistance of the World Health Organization.

The solution to the problem of providing adequate health services to all the people in the United States can be advanced by the study and evaluation of developing and developed health systems in the various participating countries. Health organization, effective use of funds, manpower, facilities and quality of care can all be enhanced in excess currency countries while we learn from their experiences under a variety of situations.

Epidemiologic surveillance and study on an international basis will continue to contribute to our knowledge and understanding of many diseases prevalent throughout the world and posing a continuing threat to the health of the U.S. population. Advances already achieved in malaria, cholera, and smallpox can similarly be anticipated in plague, venereal diseases, and rabies. Problems which exist in heart disease, cancer, and other great killers of our population can be explored in new and unique ways which hold great promise of assisting us to meet effectively these health hazards.

Excess currency funds will continue to advance communication in the health sciences through translation and review of world medical literature. Programs such as these add greatly to our ability to introduce new health discoveries rapidly and effectively.

*PHS excess currency program*

Year :	<i>Appropriation</i>
1961 -----	\$3,707,000
1962 -----	9,000,000
1963 -----	2,800,000
1964 -----	4,000,000
1965 -----	1,000,000
1966 -----	5,000,000
1967 -----	10,000,000
1968 -----	15,000,000
1969 request -----	30,000,000

Mr. HAMILTON. These statements, we believe, point up the importance of Public Law 480, since they show a record of substantial progress in American programs of educational research, in projects of American education overseas, in health research, in personnel training, and in physical rehabilitation activities of the Department of Health, Education, and Welfare.

We have studied carefully the provisions of section 3 of S. 2986 and have concluded that, if they are enacted and funded, they could make a substantial contribution to American education from the elementary school through college and university at virtually no extra cost to the Nation's taxpayers. And it is peculiarly appropriate that the foreign currency gained by the use overseas of our agricultural abundance should be used to strengthen foreign studies in our domestic educational system. For, in this way, our foreign produce, sent overseas in response to emergency foreign needs, will support the development of educational programs designed to help future generations of the American people to cope better with the world problems they will face.

As we understand the proposed amendment, funds made available under S. 2986 could be used only for the purposes specifically authorized by the Congress through the laws it has enacted on education. Such funds would supplement the regular appropriations of dollars from the revenues of the United States. Under the amendment, excess foreign currencies could be made available to the Government administrators of these various educational programs so that eligible institutions, for example, colleges and universities, State departments of education, museums, State and local library agencies, public elementary and secondary school systems, etc., could be provided with grants of foreign currencies to carry on activities in furtherance of the legislative aims specified in the respective statutes. It should also be noted that user agencies would first have to prepare an administrative agency budget request and the necessary foreign currencies would have to be appropriated by the Congress through the normal appropriations process.

As conclusive demonstration that American education is eager to improve its competence in international studies, one authority has estimated that the number of international programs in American higher education increased approximately 250 percent from 1957-58 to 1964-65. The U.S. Office of Education alone expects to receive more than 200 requests to support overseas projects with Public Law 480 funds totaling over \$5 million in 1969.

Section 3 of S. 2986 is especially important in consideration of the complexity of foreign studies and the different kinds of institutions and organizations which participate in the American educational system. We believe the pending amendment, by referring explicitly to the major acts which authorize important educational programs that can be supplemented with foreign currencies, serves two valuable purposes:

1. It clarifies questions of statutory authority both for Government agencies and for educational institutions;

2. It gives visibility and emphasis to the possibilities of supplementing tax dollars with foreign currencies already owned by the U.S. Government.

We have two minor suggestions which we believe will improve the language of the proposed amendment in section 3. We recommend that the phrase "research under the programs authorized by title VI of the National Defense Education Act" in lines 15-17 be changed to read "research under programs such as those authorized by the National Defense Education Act of 1958" and that a reference to the Cooperative Research Act be inserted after the comma in line 20. This change has the following effects: First, it removes the limitation of the NDEA to title VI and thereby puts NDEA in the same position as the other acts cited; second, it specifically mentions the Cooperative Research Act, which is important in connection with educational research; and third, it leaves the way open to include under the benefits of Public Law 480 any relevant legislation that may be enacted in the future and for which a strong justification might be made through the regular appropriations process.

Further experience is needed to see clearly all the possibilities offered by the amendment in section 3, but it might be of interest to the com-

mittee for me to share with you some of the ideas which have been advanced by my colleagues as hypothetical ways in which Public Law 480 currencies could be used to improve American education. These examples are intended to be entirely illustrative and in no way to represent a final determination on what activities might be undertaken.

1. An American university might purchase various instructional materials overseas which would strengthen its domestic programs of instruction and research. It might pay for these materials with an allowance from a Government agency of foreign currencies.

2. A university or the national education television (NET) might be awarded a grant to pay part or all of the overseas "soft currency" cost of producing documentary films.

3. An American museum might acquire artifacts, costumes, or other materials illustrating life in the foreign country through a grant from the National Foundation for the Arts and the Humanities.

4. The professional schools of an American university might send selected students to a "soft currency" country to pursue a program made up of part-time advanced study and part-time professional work alongside their professional colleagues of the foreign country.

5. A group of American colleges might send representatives to a country in which Public Law 480 currency is available to work with experienced educators of that country in developing curricular materials in area studies or in the social sciences.

7. An American educational association might establish a program in a Public Law 480 country to sponsor various educational activities, such as supervision of American graduate students preparing doctoral dissertations, the development of curricular materials for American schools, the operation of advanced language training for American graduate students, and so forth.

In summary, Mr. Chairman, the Department of Health, Education, and Welfare believes that the use of foreign currencies to strengthen our educational resources is highly appropriate and that, through the proposed extension, Public Law 480 can make a still more important contribution to American education than it has made so far. In addition, we believe that the act will be strengthened by the language in Senator Ellender's bill which refers explicitly to major educational legislation which authorizes programs that can be funded by Public Law 480 appropriations.

I shall be glad to try to answer any questions the committee may have.

**The CHAIRMAN.** I presume that it is your view that the section to which you refer does not in any manner conflict with the present law?

**Mr. HAMILTON.** That is correct.

**The CHAIRMAN.** It is added emphasis?

**Mr. HAMILTON.** That is correct.

**The CHAIRMAN.** That is what I intended. We certainly will consider the suggestions.

**Mr. HAMILTON.** That is our view, that it clarifies and gives visibility to it.

**The CHAIRMAN.** That was the idea that I had in mind. Of course, we have a lot of these funds abroad that should be used to our advantage. And I know of no better way to do it than is suggested in the section.

Mr. HAMILTON. We strongly support that.

The CHAIRMAN. Thank you.

I understand next is Dr. Sandoz who desires to testify along this same line. You may proceed. Please identify yourself for the record and give your full name.

Mr. Sandoz.

**STATEMENT OF ELLIS SANDOZ, DIRECTOR OF INTERNATIONAL STUDIES, PROFESSOR OF POLITICAL SCIENCE AND PHILOSOPHY, LOUISIANA POLYTECHNIC INSTITUTE, RUSTON, LA.**

Mr. SANDOZ. My name is Ellis Sandoz. I am director of international studies and professor of political science and philosophy, Louisiana Polytechnic Institute.

I have a prepared statement.

The CHAIRMAN. Suppose that you put the full statement in the record and highlight it for us.

Mr. SANDOZ. Mr. Chairman, I want to address myself to two aspects of the legislation that is before us.

The first is substantial use for educational purposes of these excess currencies as they are to be found in some 10 countries, at the present time six of which have proved to be attractive to educators as envisaged in the amendment which Senator Ellender has introduced.

The second is to raise in a tentative and exploratory way the possibility for educational use of countries developed under Public Law 480 and countries where we are not in excess supply and what attention may be conceivably given to this.

I think under the first head, the outline of possible uses that Dr. Hanilton in his statement has just given the committee is suggested, if not definitive ways in which these funds can be used with great profit for educational purposes.

I would particularly stress the fact that I see a great benefit to be derived by applying these funds under the Fulbright-Hays Act for purposes of personnel exchange programs. This would not be a one-way sending out, but also a two-way exchange, particularly between the United States and Poland and, also, Yugoslavia where the funds are available and where there are very good opportunities for exchange. This would appear to be particularly attractive, I think, giving the opportunity there not only to reinforce European studies by this means but also serving what is also certainly in our national interest; namely, the reestablishment of historic ties with Eastern Europe which are more than intimate ties—more than a century in duration and have only been disrupted in the period since World War II. I think this will be a particularly opportune use and vehicle of educational exchange which would be beneficial both educationally and in the broader sense I have suggested.

The range of activities is a little difficult to bring into focus, given the amplitude of the legislation that is included and specified in section 3 of Senator Ellender's bill. All of the things are very difficult to bring into focus. I think the important thing is that this gives this an overseeing function in fine dimension to our educational program which reaches from the elementary school level straight through to

the graduate school. And this can be of tremendous value to giving an integrative understanding of the foreign areas, strengthening our language instruction in all of these area levels, and can make an enormous impact on American education, far more than, perhaps, a cursory consideration of the matter would lead one to suppose.

If I may turn to the exploratory dimension of my remarks; namely, to raise the question whether one can conceivably see a utilization of currencies in the 55 countries where there are no excess local currencies being generated under Public Law 480, whether one can, perhaps, explore ways in which these funds being generated by our Food For Peace Act could not be turned into educational advantage and I am thinking, roughly, along these lines, to pinpoint it: what would be the consequences in terms of our fiscal position to amend the amendment, as a matter of fact, so as to insert in S. 2986, after the word "finance," the words, "with not less than 2 per centum of the total sales proceeds received each year in each country?"

Following the cue that the Senator has taken in applying similar language to the problem of population controls, to the problem of education.

In offering this suggestion, I want to make it particularly clear that, in my opinion, the section of the bill bearing on international education as it presently stands is prudent and is entirely worthy of support. It turns into good use funds, which, although ours are inaccessible to us, which are diminishing in value, because of inflation and devaluating practices in certain countries, which can and should be made available to benefit American citizens in U.S. interests.

And I think that the authorization, as set forth in S. 2986, will unquestionably achieve this important objective.

The only question I am raising is the possibility, can we, and perhaps should we, consider doing more? The immediate advantage I see and raise in this question is that such an amendment to the present bill would provide a nearly universal base for support for oversea programs, resulting in an involvement of the American educational community to a much greater extent than is presently possible under existing funding patterns.

The impact of this measure I have tried to suggest in the prepared statement, I think, with statistics, grows out of the fact that last year's agreements, in 1967, agreements under the act, totaled a value of \$912.02 million, of which \$268.85 million was coming from nonexcess currency countries. If one applied the 2 per centum to this, one would be talking quantitatively in terms of about \$18 million for oversea or foreign educational purposes, which happens to be the authorization which is available this year to support all 106 of our NDEA language and area study centers across the country which constitute the backbone of our whole foreign area and language study program.

We would be dealing in this rather simplified and oversimplified, no doubt, quantitative way, and we would, in effect, should this step be taken, be putting as much in the kitty to support oversea education as is presently being supplied on a dollar basis from Federal sources to support our principal program in area language studies, as authorized under NDEA title VI.

So the impact would be, by this measure, at least, very substantial indeed.

I think if I may venture to do so, Mr. Chairman, there are certain arguments in favor of considering this which I should like to put. I believe that such a utilization of Public Law 480 funds would be wholly compatible with the central thrust of our act—of the act as it presently stands—which has as its basic and ultimate objective economic development and an objective which is, in fact, attainable only along with and through educational development and modernization.

The principal objection I see to the proposal is that in these 55 countries, presumably, all Public Law 480 currencies being generated are for governmental operations and this designation of a 2 per centum would have to be offset by a dollar expenditure for the existing activities that are presently benefiting from it—the revenue being generated by Public Law 480. I do not think that I can fully answer that objection.

However, I would offer as a response that the value of giving additional balance to the sensitive cover of world areas are, primarily, educational and of national importance to us. And I am particularly hopeful of greater attention to Latin America, possibly also Western Europe, and the countries of Eastern Europe, where there are no excess funds. That the advantage of doing this would outweigh the disadvantage of this kind of designation.

I think that it is, indeed, vitally important that educational balance, rather than the exigencies of passing the situation, determines the pattern of the development of the Nation's international study programs. This means that more and better attention needs to be given educationally to the areas, in my judgment, which are historically and geographically most closely tied to the United States.

The need for this kind of balance has been widely recognized abroad and most prominently discussed by distinguished citizens under the International Education Act of 1966, when it was being considered in the Congress. Funding for that act, for example, would permit the establishment of a significant number of undergraduates, as well as graduate international study centers located at medium sized institutions, such as my own university, Louisiana Tech, as well as at the large and prestigious universities where these are at present more or less concentrated.

And I think that these are important objectives, and no less important is the International Education Act concerned with Western Europe which would be more effectively studied and understood than it presently is. And area language study centers for that purpose would be established. That is, I am restrained to say, when and if that act is funded.

We have in a sense, perhaps, overreacted in the direction of non-Western studies, not that we know too much about the non-Western areas, but rather that we have neglected the Western areas, and this is a matter that needs and deserves rather urgent attention. And I think a means of doing that to a degree could be found under Public Law 480.

To further these intentions of the Congress in enacting the International Education Act, the pending funding of that act, there is perhaps no more effective or economical way to achieve this balance than through acceleration of academic personnel and material exchange programs, and through other overseas study projects, such as those already envisaged in principle under Senator Ellender's bill. Not only

with the excess currency countries, but also with Western Europe and particularly, with Latin America, which are vitally concerned and of interest to us.

Thank you. I will be glad to answer any questions you may have.  
(The prepared statement of Dr. Sandoz is as follows:)

It is a privilege for me to appear before the Senate Committee on Agriculture and Forestry today to testify in behalf of S. 2986. The entire educational community is greatly indebted to Senator Ellender for the leadership he has displayed in fostering international education through introduction of this Bill. I shall address myself only to those provisions of the Bill which will broaden availability of excess currencies generated by P.L. 480 for the purposes of international educational and cultural exchange and of strengthening the resources of American educational institutions in the area of international studies and research capacities.

My own university, the Louisiana Polytechnic Institute, is engaged in the establishment of a wide-ranging program of area and language studies which embraces undergraduate and graduate curricula in American, West European, Latin American, Russian-East European, and Asian studies. Now in its first year of operation, our Center for Comparative International Studies is being funded in part under programs covered by three of the laws in S. 2986 as vehicles for the expanded use of excess currencies—the Higher Education Act of 1965 and the Mutual Educational, Cultural Exchange Act of 1961, and the Elementary and Secondary Education Act of 1965.

International studies is a major new dimension of Louisiana Tech's educational endeavor. We are taking the lead in our region of the country in assisting the establishment of world affairs as an ingredient in the instruction of the elementary and secondary public schools system. Our Center's programs are constructed on a comparative and interdisciplinary basis, so designed as to make them truly intercultural in scope. Hence, we have both a general educational and a specific institutional interest in expansion of the use of currencies generated by sales of American agricultural products under the Food for Peace Program, in accordance with the amendment introduced by Senator Ellender.

There are two aspects of the legislation before us which I should like to comment upon. The first pertains to the use for educational purposes of excess currencies accumulated under P.L. 480, the second to possible educational use of currencies developed under the law which are not in excess supply.

The United States Government possesses balances of foreign currency today in 65 countries, valued at about \$2.18 billion on June 30, 1967. Ten countries holding excess currencies accounted for more than 90 per cent of this sum (\$2.01 billion), and two of these ten held 70 per cent of this \$2.01 billion: India with \$917 million, and Poland with \$474 million. Of the countries holding excess currencies, six are of major interest to American educators: India, Poland, Yugoslavia, Israel, the United Arab Republic, and Pakistan.

In all these countries these substantial balances can be used for a variety of educational purposes, in areas of high political impact, while at the same time a saving in dollar expenditures can be effected.

In Poland, for example, these funds can be used to finance the academic and living expenses of American students and professors who are studying or teaching in Poland under U.S. public and private grants and fellowships. These funds can also be used to finance the travel of Polish students and professors who are coming to the United States as students or visiting lecturers, under the auspices of American public and private institutions. In the past, a major inhibiting factor to the carrying out of productive exchange programs between the United States has been the unavailability of transoceanic transportation which could be paid for in the local currency. It is our understanding that this problem is now disappearing, and that Polish zlotys, for example, can be used for the purchase of transportation on a number of transoceanic carriers which directly reach U.S. air and sea ports.

Educational exchange between Poland and the United States is only limited by financial considerations, and—save for exceptional cases—not by political factors. A substantial increase of educational exchange in both directions would serve to reinforce in Poland the position of those who wish to continue to introduce a greater utilization of Western methods of social organization and economic management. The Polish government appears to place a minimal number of impediments in the way of two-way exchanges; and, unlike most other Com-

unist countries, does not insist on the exclusive right of nomination of candidates among its own nationals for foreign scholarship assistance.

What has been said about Poland applies with even greater force to Yugoslavia, where the decentralization of governmental authority allows American academic and cultural institutions to make direct arrangements for exchanges with their Yugoslav counterparts, without recourse to any central ministerial clearing house.

The surplus currencies in question can also be used for other educational purposes in addition to the exchange of persons. For example, in Yugoslavia or Poland these funds can be used for the duplication and reproduction of instructional materials prepared by former exchange students, thereby widening the impact of their individual exchange experiences. These funds could also be used for awards in the case of essay or research contests on topics which would broaden the entrant's knowledge of the United States and of problems of concern to the U.S.A.

The surplus currencies can be used to endow chairs and research centers in American studies. This has already been experimented with in the case of Poland by both United States and British scholarly institutions.

The type of activity described above would serve to enrich American programs in the study of East European problems, an area which at the present time is receiving insufficient attention. Such attention as is directed toward East European problems still bears an anachronistic Soviet emphasis. East European studies developed during the post-Yalta Stalinist era when East Europe was in fact an appendage of the Soviet Union, and there was justification for a joining Soviet and East European studies in consideration of this field.

Now, however, the factors which separate the East European countries from the Soviet Union and from one another are more interesting and probably of greater long-term significance than are those which bind the overall area together. Greater utilization of P.L. 480 local currency surpluses in Poland and Yugoslavia will serve to reenforce this trend. It will certainly help to remove the anomaly of studying the Polish language and literature as a subsidiary branch of a very different "Mother" Russian.

The resourceful expansion of contacts with Eastern Europe made possible by wider use of excess currencies would not only be academically valuable, but it would also serve important foreign policy interests as well. The population of these countries over age forty was educated in a society which was fundamentally pro-American and Western in cultural and political orientation. The historic and ethnic ties with the United States of Poland and the other countries of his area are more than a century old. The loosening of the hold of the Soviet Union in this area can be accelerated and the older historic sympathetic relationship with the United States reestablished through means made available under this legislation.

Leadership from the government in this regard could well stimulate a much greater initiative from the private sector in establishing scholarship programs and in sending teachers, scientists, entertainers, artists, and research scholars into Eastern Europe. East European studies centers in the United States could be greatly strengthened through cooperative exchanges. American Studies programs in the United States, located at more than 80 of our universities, could be encouraged to assist establishment and development of similar institutes at leading centers of learning in Poland and Yugoslavia.

In as much as the Soviet citizens' contact with Eastern Europe is far greater than it is with the United States or with Western Europe, the impact of American ideas, values, and the rationality of free modern government and the free enterprise economy would be transmitted not only to Eastern Europe but to the USSR itself through the medium of this more intensively cultivated common ground. This could have a very significant effect in breaking down the dangerous psychological and intellectual isolation of the "Iron Curtain" countries which continues to persist even today.

A very worthwhile and practical use of these currencies is to cover the cost of translations of works produced in the languages of the countries in question which are often not widely understood in the United States. The translation of such scientific and scholarly material is to the advantage of both United States private and governmental research agencies.

While only Eastern Europe has been discussed here, it is evident that a similar range of benefits to international education and of program possibilities for exchange and research exists in the other countries in which excess currencies are available. Individual teacher and research scholar exchange at all academic

levels, as well as every shade of public school, undergraduate, and graduate level university program in area-language and international studies is comprehended in the acts specified in the amendment to Sec. 3. Section 104(b)(2) of the Act in S. 2986.

It would not appear to be necessary in this place to argue the general merits of international education and the crucial value of overseas study, research, and experience in supplying first-hand knowledge of the foreign areas of the world. Indeed, insofar as education is true to itself, it is inevitably an international enterprise, whatever the field of inquiry. This is as true of mathematics and physics as it is of Eastern European Studies. The value of any measure which facilitates the international movement of students, teachers, and scholars is significant, whether measured in terms of a greater international "understanding" or an enhanced grasp of subject matter. Since relatively little money is available for this kind of activity, the present proposed legislation is of great importance.

As one considers the matter of greater overseas involvement of American education, however, the question arises as to whether yet another step might not be taken beyond that evidently promised by S. 2986 as it lies before us. It seems unlikely that either the national interest or international educational priorities can be correlated with a dichotomy between countries which possess excess currencies generated under P.L. 480 or those which do not have such surpluses. The question then arises whether it would not be an even more valuable modification of the Food for Peace Act to set aside, say, a flat two per cent of annual sales proceeds across the board for the support of international exchange, studies and research. I would respectfully submit for the consideration of the Committee the recommendation that there be inserted in S. 2986 on page two at line eleven after the word *finance* the words: "*with not less than 2 per centum of the total sales proceeds received each year in each country*".

In offering this recommendation I should immediately make it clear that, in my opinion, the section of the Bill bearing on international education as it presently stands is prudent and entirely worthy of support. It turns to good use funds which, although ours, are inaccessible to us, which are diminishing in value because of inflation and devaluation practices in certain countries, and which can and should be made available to benefit American citizens and United States interests. The authorization set forth in S. 2986 would unquestionably achieve this important objective.

On the other hand, it would appear to be quite desirable as well as fully consonant with the law to set aside a modest fraction of the foreign currencies generated by P.L. 480 for international education in *each* of the 65 countries of the world where these currencies are accumulated. The very significant educational objective would thereby be attained of creating new avenues of access to overseas areas which are relatively neglected by our international studies programs and which at present receive little if any financial support for the purposes specified in this Bill from the United States Government. Such an amendment to the Bill would also provide a nearly universal base of support for overseas programs, resulting in an involvement of the American educational community to a much broader extent than is possible under present funding patterns.

The impact of this measure on international education can be suggested by a consideration of the magnitude of the funds involved. In calendar year 1967 P.L. 480 generated total foreign currencies equivalent in value to \$912.02 million of which \$268.85 million came from non-excess currency countries. The designation of two per cent of these total funds for present purposes would authorize an expenditure of at least \$18.24 million for overseas educational activities of a wide variety of kinds. This is, for example, slightly more than the federal support authorized in FY 1968 for all of the existing 106 NDEA Title VI area and language centers which comprise the backbone of our international educational effort across the country. Of the total authorization, some \$5.38 million would be available for expenditure in non-excess currency countries. Such an annual expenditure in local currencies would make possible a significant expansion of our overseas educational effort. This prospect is particularly attractive both in itself and because of the fact that these funds are not otherwise readily convertible for use into dollar equivalents. Their utilization for educational purposes of mutual benefit both to the United States and the individual country concerned should be attractive to both parties and deserves, in my opinion, priority consideration.

To turn more of the P.L. 480 funds to educational purposes along the indicated lines would be wholly compatible with the central thrust of the Act, which

has as its basic objective economic development—an objective attainable only through educational development and modernization. Moreover, the pattern for such across-the-board support of international exchange and education is established in the Act as it is in force as well as in the text of the Bill which proposes a 5 per centum support of "voluntary programs to control population growth."

The principal objection that I see to the proposal I have outlined is that, should it be enacted, in the 55 countries in which P.L. 480 currencies are not in excess, dollars would presumably have to be supplied to offset part if not all of the 2 per cent designated for international educational and exchange purposes, thereby aggravating the balance of payments problem and slightly increasing the cost of government in a time when economy is needed. This objection cannot be fully countered with a neat rebuttal. It can, however, be suggested that the value of giving additional balance to the intensity of coverage of world areas of primary educational and national importance to us—including especially Latin America, Western Europe, and the countries of Eastern Europe in which no excess currencies exist—supplies adequate justification for this measure.

It is, indeed, of vital importance that educational balance rather than the exigencies of the passing situation determine the pattern of development of the nation's international studies programs. This means that more and better attention needs to be given educationally to the areas which are historically and geographically most closely tied to the United States. The need for this kind of balance has been widely recognized and was prominently discussed in the hearings before Senate and House committees considering the International Education Act of 1966. Funding of that Act, for example, would permit establishment of a significant number of undergraduate as well as graduate international studies centers, located at medium-sized institutions (such as my own) as well as at larger universities. These are important objectives. No less important is the IEA's concern that Western Europe be more effectively studied and understood than it presently is, and area-language centers devoted to that purpose could be established when—and if—that Act is funded. We have over-reacted, in a sense, in the direction of so-called "non-Western" studies, and this distortion needs a corrective. To further these intentions of the Congress in enacting the International Education Act (and pending funding of that Act), there is perhaps no more effective or economical a way to achieve this balance than through acceleration of academic personnel and material exchange programs and through other overseas studies projects, such as those already envisaged in principle under the present Bill, also with Western Europe and Latin America.

This objective of "balance" can be pursued without neglect of the national interest. Such broadly based support as is recommended here would help to achieve this goal, by making an airtight and express commitment to the furtherance of international education as a matter of basic national policy.

**THE CHAIRMAN.** I think you have made it clear. A great deal of good will come from that.

I want to thank you.

Next we will hear from Mr. Morehouse.

**STATEMENT OF WARD MOREHOUSE, DIRECTOR, CENTER FOR INTERNATIONAL PROGRAMS AND SERVICES, NEW YORK STATE EDUCATION DEPARTMENT, UNIVERSITY OF THE STATE OF NEW YORK, CROTON, N.Y.**

**Mr. MOREHOUSE.** Thank you, Mr. Chairman.

My name is Ward Morehouse, and I am director, Center for International Programs and Services, State Education Department, University of the State of New York. I have a prepared statement, and in view of the hour, and with your permission, I should like to have that entered into the record and I will try to summarize it.

The CHAIRMAN. You may proceed in that manner and your full statement will be made a part of the record.

Mr. MOREHOUSE. Thank you, Mr. Chairman.

I should like to urge support of the proposed amendment in section 104(b)(2) of Public Law 480, and I would like to dwell on five or six points in this connection. Some of these have been made previously and I will not dwell on them at great length, except to reinforce what has already been said.

I believe that Dr. Hamilton quite accurately portrayed the breadth of interest in the use of these funds for educational purposes within the American educational community. This, in my judgment, is a national interest. It is not confined simply to our large universities.

Dr. Sandoz himself pointed this out. It is of equal interest to many of our smaller undergraduate institutions, as well as to our secondary and elementary schools.

I think in a very real sense what we have seen over the past decade or so is a spread of interest in the study of other peoples and other cultures on a very widespread basis in the country. This is, furthermore, not—in my view—a regional concern. I am associated with several bodies that have representation from virtually all States in the country, and there is active and lively interest in the kind of possibilities that would be opened up by the amendment which you have proposed in Public Law 480.

I think the greatest value of the amendment, as Dr. Hamilton has noted, is that it provides for a clear and forceful expression of congressional intent that excess foreign currencies be used for these broadened educational purposes. There is some language, of course, at present in the act which makes possible a more limited use of these funds, but there is some ambiguity about that language, and I think that the force of your amendment is that it makes it quite unequivocal as to what these funds could be used for.

I have in that connection, Mr. Chairman, one minor suggestion, that the National Science Foundation be included among those agencies enumerated in the proposed amendment, because in my judgment, the National Foundation has an important role to play in strengthening international studies and could make effective use of excess foreign currencies.

I think we all recognize and are indebted to you for pointing this out, the need for greatly accelerated use of excess foreign currencies generated by Public Law 480, lest they be eroded away by devaluation and inflation.

Simply to give you one statistic of the magnitude of this problem, in June of 1966, when India devaluated their rupees, the American taxpayers lost \$485 million, a very substantial sum, indeed, that might have been applied for the benefit of American education.

I would say, finally, that in my judgment, the major bottleneck, however, lies not in the authorizing legislation, but in the appropriations process. I think this is not the time to go into great detail about the complexities about this, but it is true that agencies are reluctant to request these funds, because they are created as dollars in reckoning our overall levels of appropriations and, indeed, in the case of the Department of State in which the Bureau of Educational and Cultural

Affairs is, has found that it has been compelled to accept a larger and larger proportion of its total appropriation in foreign currencies, rather than dollars, and since foreign currencies can only be used in a limited number of countries and dollars can be spent anywhere, I think that this has made some other agencies reluctant to get into this field. I believe there is a solution to this underlying problem of finding a means of freeing a request for use of excess foreign currencies to support American educational programs from the overall levels, the pressures on general levels of Federal spending pressures which, I think, we all recognize today, which are particularly important and critical.

It has been suggested that by completing the transaction involved in the initial appropriation of dollars for the purchase of foreign currencies and their transfer to the credit of the Commodity Credit Corporation, if this were done in 1 year, in the same fiscal year, that this would have the net effect of canceling these out and would not therefore, escalate the overall level of Federal spending.

This is a somewhat technical matter. It would involve collaboration from the Appropriations Committee, the Congress, the Bureau of the Budget, and the agencies concerned, but if some means of this character could be found it would greatly accelerate the use of these funds for the benefit of American educational institutions.

Thank you.

The CHAIRMAN. I happen to serve on the Appropriations Committee and I am one of the ranking members of it. And we have tried to figure out some way of getting this money and we will try to do that. As you pointed out, it is a broad one, and is subject to inflation, subject to devaluation and what have you. And we have tried to figure out some way of getting this—trying to figure out some way to utilize it.

Mr. MOREHOUSE. Very good, Mr. Chairman.

I have included in some detail in my prepared statement remarks on this subject.

(The prepared statement of Mr. Ward Morehouse, above referred to, follows:)

My name is Ward Morehouse. I am the Director of the Center for International Programs and Services of the New York State Education Department. I appreciate greatly the opportunity to appear before you and present my views in support of S. 2986, the extension of the Agricultural Trade Development and Assistance Act of 1954. I shall address myself primarily to the proposed amendment of Section 104(b) (2) of the Act which broadens the authorized use of foreign currencies generated by this Act for the benefit of American education.

The highest educational policy-making body in New York—the Board of Regents of the State of New York—has concluded that:

The explosion of political forces set off by what has come to be known as a Worldwide Revolution of Rising Expectations is having an obvious impact on national and international affairs . . . The imminent redistribution of world power, the growth into prominent nationalism of many heretofore obscure peoples not yet firmly set upon their course, the rising aspirations of multitudes everywhere to share in human dignity and to lessen the gap between the rich and the poor nations are certain to have an impact on education.

The Center for International Programs and Services for which I am responsible was created by the Board of Regents in recognition of this impact on American education. The Center seeks to strengthen opportunities and resources for teachers and students in New York's schools, colleges, and universities to understand the modern world in all of its diversity and complexity.

The view of the New York State educational authorities that our knowledge of the rest of the world is a critically neglected aspect of American education vital

to our national future is not confined to that state. The Congress of the United States has declared it to be the policy of the United States Government that:

. . . a knowledge of other countries is of the utmost importance in promoting mutual understanding and cooperation between nations; that strong American educational resources are a necessary base for strengthening our relations with other countries; that this and future generations of Americans should be assured ample opportunity to develop to the fullest extent possible their intellectual capacities in all areas of knowledge pertaining to other countries, peoples, and cultures. . .

The President of the United States, furthermore, stated in his message on international education and health in February, 1966, that:

We would be shortsighted to confine our vision to this nation's shorelines.

The same rewards we count at home will flow from sharing in a worldwide effort to rid mankind of the slavery of ignorance and the scourge of disease. We bear a special role in this liberating mission. Our resources will be wasted in defending freedom's frontiers if we neglect the spirit that makes men want to be free . . . the search continues—more urgent today than ever before in man's history.

The range of programs made possible through the use of foreign currencies generated by Public Law 480 in the past and their contributions to the improvement of American education are impressive. These include opportunities for elementary and secondary school teachers and college professors and students to acquire direct knowledge of and experience in other countries vital to our national future, such as India, Pakistan, Yugoslavia, Poland, United Arab Republic, and Israel. (Foreign currencies generated by the sale of American agricultural commodities under this Act and declared to be in excess of normal U.S. Government requirements exist in about a dozen countries in Asia, Eastern Europe, and Africa.) The Library of Congress has developed an extensive program of acquisition of materials published in countries where excess foreign currencies exist for major research libraries throughout the United States, as well as some 300 public and college libraries, many in smaller communities which do not ordinarily have access to this kind of material, in all parts of the country.

I am most familiar with what has been done in India, a country which has been a major interest of mine for over the past decade. There programs of real quality and significance—involving a wide spectrum of individuals and institutions throughout the United States—have been carried on. Among these is the American Institute of Indian Studies—sponsored by some 20 of our leading universities such as Columbia, Cornell, Pennsylvania, Michigan, Minnesota, Duke, Texas, and California—which provides fellowships to senior research scholars, graduate students, and college teachers from the United States to engage in study and research in India. Another important program is one sponsored by the University of Wisconsin to enable American undergraduate students to spend a year of study in India; while the program is administered by the University of Wisconsin, students from colleges in all parts of the country have taken part. And Syracuse University has carried on a pioneering program in international public administration which provides internship experience for young Americans in American agencies in India as part of their professional preparation for careers in public administration, as well as a parallel program to enable high school social studies teachers to learn about changes which are occurring in modern Indian society.

While the New York State Education Department has actively supported Syracuse University's Public Law 480 activities in India and has collaborated closely with most of the other programs and institutions mentioned, our most direct involvement has been with the Education Resources Center, a cooperative undertaking established under the Regents of the University of the State of New York. The Educational Resources Center seeks to strengthen opportunities for study and teaching about India in American schools, colleges, and universities. It provides opportunities for curriculum specialists and social studies supervisors throughout the country to develop their backgrounds on Indian society and learn about material resources available there. It represents a new departure in seeking to enrich and strengthen American education at all levels. And its outreach across the United States has been substantial, including schools, colleges, universities, and state education departments in over 40 of our states.

The proposed amendment to Section 104(b)(2) will broaden opportunities to use Public Law 480 foreign currencies for the benefit of American educational institutions by providing a clear and unequivocal statement of Congressional

intent that these funds may be so used. While it is true that some of the types of activities which would be covered by the proposed amendment to Section 104 (b) (2) are possible under the language of the present Act, the situation is ambiguous in other cases and in still others the Act may not apply at all. The proposed amendment should provide encouragement to agencies of the Executive Branch to make wider use of these funds in the future.

At a time when there is growing concern with governmental economy, the increased use of these funds to improve American education is all the more logical. They involve no new tax monies—and therefore *no additional cost to the taxpayer*—since the foreign currencies are not convertible into dollars for use at home.

There is an additional and compelling reason as the Chairman of this Committee has well recognized. Failure to use Public Law 480 foreign currencies constitutes an actual loss to the taxpayers of the United States because, in many countries where these funds are accumulating in very substantial amounts, the value of the funds is being continually diminished by devaluation and/or inflation. When India (where the largest accumulation is) devalued its currency in June, 1966, the value of Public Law 480 funds in India owned by the United States Government decreased *by almost 60 per cent—an outright loss of \$485 million to the American taxpayer* (our total holdings were reduced from \$1.3 billion to \$833 million). Currencies have been devalued in other countries too—such as Yugoslavia and Israel—with similar losses to the U.S. taxpayer. Every effort to broaden the possible uses of these funds for the benefit of American citizens along constructive lines should be encouraged. Because that is the objective of the amendment proposed for Public Law 480 which I have been discussing, I should like to support its favorable consideration by this Committee and the Congress.

The present situation, furthermore, has an adverse effect on our balance of payments problem. Because the foreign currency appropriation request of the Office of Education for fiscal year 1968 was denied, several institutions with on-going programs in excess foreign currency countries are seeking funds from foundation and other sources to keep their programs going on an emergency basis during the 1969 fiscal year in the hope that appropriations of foreign currencies will again be made by this session of Congress for the conduct of activities in the 1970 fiscal year. These funds will inevitably be dollars which must be spent abroad to support the on-going programs. The amounts involved for each institution may not be large—in the case of our Educational Resources Center in India, as much as \$50,000 in the next fiscal year may have to be sent out of the U.S.—but when several institutions are similarly affected, the total will be more substantial. More importantly, such outflow of dollars to excess foreign currency countries is unnecessary *if* a way can be found to make available more readily than at present the large foreign currency balances owned by the United States Government in countries like India for the benefit of American educational institutions. (Indeed, the situation could even be partially averted in fiscal year 1969, provided Congress appropriates the foreign currencies requested by the Office of Education and the Executive Branch moves promptly to allocate some of these funds to institutions with on-going programs for their current operations in fiscal 1969.)

In addition to dollars spent in excess-foreign-currency countries by colleges, universities, and other educational agencies, American foundations such as Ford and Rockefeller and other private agencies spend several millions of dollars each year in these countries, assisting programs of economic and social development. Use of excess foreign currencies for the *overseas* expenditures of these foundations and agencies (which also spend considerable sums *in the United States*, providing equipment and supplies to support such programs abroad) would reduce the outflow of dollars by several million—at no additional cost to the U.S. taxpayer. It may also be that some overseas expenses of American business firms could in a similar way be covered by excess foreign currencies. Further study of these possibilities and consultation with the agencies and firms concerned would be necessary before specific action could be recommended.

I have one concrete suggestion to make. I note that the National Science Foundation is not included in the amendment, although it is extended to the National Foundation for the Arts and Humanities. In my opinion, there are equally important opportunities for the National Science Foundation to strengthen international studies in some of the countries where excess foreign currencies are available, and I would urge inclusion of the act authorizing the work of that

foundation in the language of the proposed amendment. (The next subsection of Public Law 480—Section 104(b)(3)—deals with translation and dissemination of scientific research but not international studies as such, which is the specific objective of the proposed amendment to Section 104(b)(2).)

In conclusion, I need to stress that while broadened authorizing legislation for use of Public Law 480—generated currencies for educational, cultural and related purposes is highly desirable, the critical bottleneck remains in the appropriations process. Indeed as I have just noted, at the last session of Congress, the House Committee on Appropriations denied the special foreign currency appropriation requested by the Office of Education. Many agencies, furthermore, are reluctant to request these funds because they must be presented as dollar appropriations, thereby enlarging the total dollar appropriation requested by the agency concerned. New ways must be found to clarify the nature of these appropriations before there will be significantly wider use of Public Law 480 funds by the various agencies which would be enabled to seek them under the proposed amendment to the Act.

Agencies which are already conducting overseas educational and cultural activities funded with dollars, furthermore, have come to recognize an additional hazard. In the case of the Bureau of Educational and Cultural Affairs of the Department of State, for example, requests for dollars and excess foreign currencies have been combined by the Congressional Appropriations Committees, and the Bureau is subjected each succeeding year to increasing pressure from the Appropriations Committees to accept a larger and larger proportion of its budget for overseas educational and cultural activities in foreign currencies rather than dollars. Since dollars can be spent anywhere in the world, while foreign currencies can be spent only in those countries which have been found to have accumulations in excess of normal U.S. Government requirements, the Bureau's flexibility in funding programs proposed by American educational institutions or carried out under its own auspices is sharply reduced.

Freeing foreign currency appropriation requests from overall pressures to curb federal government dollar expenditures is essential if these funds are to be used more rapidly for the benefit of American education than they are eaten away by inflation and devaluation. One means is a "wash transaction." This would involve *immediate* transfer (within the same fiscal year) of the dollar appropriation for foreign currencies from the agency spending the foreign currencies to the credit of the Commodity Credit Corporation which owns the foreign currencies, thereby reducing the CCC appropriation request by an equivalent amount. Such a procedure would still follow the normal appropriations process, thus assuring Congress of the opportunity for review and approval of all requests for foreign currency appropriations.

For example, let us consider the \$4 million in excess foreign currencies requested by the Office of Education for fiscal year 1969. Ordinarily this money would be used to fund programs actually carried on in fiscal year 1970, and the transfer of that \$4 million to the credit of the Commodity Credit Corporation (which occurs when the Office of Education buys from the Treasury the foreign currencies it needs for the various programs it is funding) would not take place until the next fiscal year. If, however, the appropriation of \$4 million in foreign currencies to the Office of Education specified that it must be transferred in fiscal 1969, it would be possible to reduce the appropriation for the Commodity Credit Corporation by \$4 million since it would receive a \$4 million credit when the Office of Education transferred its appropriation from dollars into foreign currencies. Thus, the overall level of the federal budget would remain unaffected by this transaction. Such an arrangement would clearly require the cooperation and prior understanding of the Appropriations Committees of the Congress, the Bureau of the Budget, and the agencies concerned.

I am not certain what is legislatively possible for this Committee, but I believe that it would do well to recognize these important inhibitions on the use of Public Law 480 funds by the various agencies and departments of the Executive Branch for the purposes specified by the proposed amendment to Section 104(b)(2) of the Act. I also believe that a strong endorsement by the Committee of new approaches to the appropriation of these funds such as the "wash transaction" which I have described would facilitate their use for the benefit of American educational institutions.

Mr. Chairman, on Monday of this week, I attended a meeting of the National Council on Foreign Area Materials at Baldwin Wallace College in Berea, Ohio.

The Council is composed of eleven regional associations to which are affiliated over 400 colleges and universities in over 20 states from Vermont and Virginia to Arizona, Hawaii, and Alaska—most of them smaller institutions just as vitally interested in strengthening studies of foreign areas as are our large universities like the member institutions of the American Institute of Indian Studies mentioned earlier in my statement. I should like to quote from the March 11 letter by Shepherd L. Witman, the Chairman of the Council's Executive Committee of which I am also a member:

At a meeting today the Executive Committee of the National Council unanimously and vigorously endorsed the proposed amendment to Section 104(b)(2) of Public Law 480. Its passage would contribute importantly to implementing progress toward the international component of higher education in this country which is being sought by almost all American colleges and universities. It would make possible specific programs which colleges and consortia of colleges have long planned but which have been deferred because of unavailability of counterpart funds already held by the U.S. Government.

Passage of this amendment would in some measure, at least, reaffirm the confidence of American higher education in the intention of our government to carry out the objectives stated and implied in earlier legislative enactments on international education. This is particularly significant in the proposed amendment to Section 104(b)(2) since appropriations made to the Office of Education pursuant to this amendment would *not require new tax funds*, would involve *no dollar expenditures abroad*, and need *not enlarge the federal government budget* (if a "wash transaction" based on immediate transfer of the foreign currency appropriation from the Office of Education to the Commodity Credit Corporation is used, thereby reducing the CCC appropriation by an equal amount in the same fiscal year). The National Council is especially interested in the passage of this amendment since it coincides with its objectives to advance the standards and capabilities of colleges and universities in international education.

I urge all members of the Committee on Agriculture and Forestry, particularly those who are also members of the Senate Appropriations Committee, to support sound and constructive requests for appropriations of Public Law 480-generated foreign currencies for the benefit of American education in this session of the Congress and in future years.

Thank you again for this opportunity to present my views to you.

The CHAIRMAN. All right, Mr. Wriggins.

#### STATEMENT OF HOWARD WRIGGINS, NEW YORK, N.Y.

Mr. WRIGGINS. I have a statement here which I am working on and will submit for the record later. I have some brief points that I want to make.

The CHAIRMAN. You may do so, and you may submit it for the record, to be included in the record in full.

Mr. WRIGGINS. Mr. Chairman, I want to confirm, first, that this contribution to our national well-being for our farmers is one of the problems that is just fantastic. I want to concur with my predecessor here that it would be most helpful to be more explicit than we have been before, in trying to identify those educational and other purposes for which Public Law 480 resources should be used.

And I believe, sir, your amendment deals with that aspect of it very clearly.

Thirdly, I do believe that it is important to do whatever we can to expand the use of Public Law 480 funds for educational purposes abroad, and that it is important to make that expansion more reliable than it has been in the past.

And, fourthly, as I see it, there are three purposes for doing this.

I think that American educational enterprises abroad are important to us on grounds of foreign policy insurance. It seems to me that in those areas where we have knowledge in depth large numbers of Americans who are trying to specialize in particular areas, to know them well, we are much less likely to run counter to local hostility, run counter to local interests, much more likely to be able to work out an adjustment of their interests with our interests, so that we do not get into acute conflict.

And, certainly, as American scholars and academic people who work abroad, they work in joint collaboration with people in these other countries. This joint collaboration usually is with opinionmakers, and those who are helping to shape the attitudes and judgments of the coming generation. And it is to be able to work with them and for them to learn about us, and that we do not prove to be the moving type of character which is helpful and is a kind of insurance, not only in helping us to know more, but in helping them to get a different vision of what sometimes we are like.

And I believe that Public Law 480 resources are helpful to U.S. institutions. Mr. Hamilton mentioned a number of ways. And Dr. Sandoz and Mr. Morehouse did, too. I need not elaborate on those.

I would point out that the United States has spent quite a bit of money on national foreign language and regional studies, et cetera. And to be able to use Public Law 480 resources to top off that training, which we buy in the United States, it is an expensive type of training and it takes a lot of dollars to be able to make it easier for those who have had this training in this country to spend some time abroad in areas where Public Law 480 resources are available, and is really a cheap way of topping off that investment and to really consolidate it.

Fifthly, I agree with Mr. Morehouse that the mechanism for releasing these rupees for educational purposes is not satisfactory. It is entirely too unreliable. It does seem each year to be susceptible to whatever difficulties are besetting a specific Government agency to which these funds are made available.

You are on the Appropriations Committee, sir, and you know this problem. It seems to me that we have not yet figured out between the committees of the Congress and the Bureau of the Budget a way, a satisfactory way, of handling what is essentially a bookkeeping transaction, for us to meet two different but by no means incompatible objectives.

One of them is to permit congressional and executive branches oversight and control of these activities. That is important. Certainly, without locking the use of these funds into whatever temporary budgetary problems beset particular agencies, such as the State Department, or the Office of Education, or the Department of Health, Education, and Welfare.

I was very happy to hear a member of the Appropriations Committee state that they are looking into this problem. It particularly struck me this year, for instance, in India, that the American Institution of Study, which you probably know about, sir, put together by Norman Brown at the University of Pittsburgh, essentially, which provides all kinds of services to American scholars, is a channel for

fellowships, for university professors and college students who are winding up their dissertations in India.

It provides a series of seminars for Americans and Indians to participate together. It helps Americans to get to know the right kind of people, so that the amount of friction which sometimes ignorant scholars have when they come into the country, and thereby necessarily create friction, unless they are given guidance—and this American Institute of Indian Studies does this, but last year as you probably know, their whole fellowship program was practically cut to one-third of what it was the previous year, because of the budgetary problems within the United States, so that even dealing with rupees, in this case, they have not been able to carry on their program.

This makes for unreliability of whatever we do, unless we are able to rearrange our funding procedures.

Sixthly, it seems to me that there is a sharp expansion, which I hope it is, of Americans being able to use this type of resource overseas. We want to be sure that we develop some means for reviewing, by whatever means we have, the validity, the sensitivity, the perceptibility of the particular project that the person is undertaking, that anybody with a bright idea to undertaken has to be cared for—a review of it to be sure that the long-run interests of the American university and the scholar community, and the like, do not become disturbed.

And, finally, as I have been sitting here I have been wondering—and I do not have a recommendation even on this—should certain other professional associations, for instance, be mentioned by name in your legislation. I was thinking, say, of a certain research council in my area, which has an interest in Southeast Asia. Perhaps, the Association for Asian Studies might be one of the entities which you would want to mention.

I am not sure that this is a good idea. It probably is not, but it is a question that I raise with you, because you might want to be a little more suggestive as to what additional agencies, in addition to the Science Foundation, might be recipients or channels for these funds.

Thank you very much.

The CHAIRMAN. Thank you.

(Mr. Wiggins' prepared statement is as follows:)

Chairman Ellender, members of the committee, it is a great pleasure to appear before you to testify on behalf of Senator Ellender's amendment to extend the time period for PL. 480 and to make explicit the types of educational programs that can be funded from these sources.

While I am at present a Professor of Government and Director of a new Southern Asian Institute at Columbia University, my remarks today will be entirely personal. They derive from a number of years' observation of the working of our PL 480 programs from several perspectives in Washington. From 1958 to 1961 I served as Chief of the Foreign Affairs Division of the Legislative Reference Service. From 1961 to 1966 I was a member of the Policy Planning Council in the Department of State, concerned mainly with South Asian problems. From 1966 until last July, when I joined Columbia, I was a member of the NSC staff in the Executive Office of the President. And now I am concerned with developing a rigorous training program for students interested in working in the main relevant academic disciplines and focusing on South and Southeast Asia, that tumultuous area stretching from Pakistan in the West to Indonesia in the East. Our research is being directed toward those inter-disciplinary problems where economic development and stagnation on the one hand and political change or disorder on the other intersect.

As a result of these activities, I have long believed that PL 480 currencies could materially strengthen our own academic institutions. They can improve our ability to understand other countries' problems and ways of thought. And they can complement and make more effective training programs already agreed to by the Congress and funded through various US government and private agencies.

It is my understanding that over \$900 million worth of such currencies are potentially available to be drawn upon for legitimate and considered activities undertaken with the concurrence of host governments. Thus far, however, American educators have had access to only a minuscule proportion of these. And it has long seemed to me perverse in the extreme that many worthy activities—scholarly and otherwise—could not be funded essentially because of the overly restrictive mechanisms established at one time to correct abuses which developed in the use of counterpart funds acquired through post World War II assistance programs.

To this observer, it has appeared as if the appropriate committees of Congress and the Bureau of the Budget had not yet hit on a satisfactory way of handling essentially bookkeeping transactions so as to meet two different but by no means entirely incompatible objectives: (1) to permit adequate Congressional and Executive Branch oversight and control (2) without locking the use of these funds into whatever temporary domestic budgetary problems were besetting particular agencies such as the State Department, Office of Education or Department of Health, Education and Welfare.

But these are essentially technical problems of management as they are shaped by relations between the Executive and Legislative Branches of this great government, and I do not feel technically qualified to discuss them, except to make just one point. I would hope that these arrangements could be carefully reviewed by this are other appropriate committees in an effort to find more expeditious, flexible and reasonable operational arrangements.

The burden of my remarks, which will be short, concern rather more the present and potential utility of these currencies for U.S. educational endeavors. There are three main points I would like to make.

(1) P.L. 480 resources are, in my judgment, potentially a *kind of insurance* for U.S. foreign policy, insurance taken out with premiums which cost the U.S. taxpayer practically nothing. The insurance comes from two sources.

It comes, in the first place, from having more senior scholars and young people who know a great deal more about foreign countries than their parents, who knew little about these far-away places except perhaps as back drops to exotic adventure movies. I believe it important to our whole nation's approach to the great countries in Asia, where these funds are in generous supply and where our need to understand their problems appears to be particularly urgent.

It is my firm belief, gentlemen, that where we have substantial numbers of Americans well informed about and sensitive to the moods, special angles of vision and interest of important groups in foreign countries, our foreign policies are least likely to run into major error. When we know in depth what other peoples feel, fear, and aspire to, we are much more likely to be able to build together on that range of compatible interests which in the long run is the best basis for a world order where the risks of such conflicts as we are now engaged in Vietnam can be minimized.

The second, and closely related, form of insurance, comes through activities of U.S. scholars and specialists in these countries working in close collaboration with their local counterparts. If done carefully, this will promote a two-way exchange of ideas and help influential men and women in these countries to see how disinterested and desirous of understanding serious U.S. students, scholars and specialists can be. Such representatives of the United States can help dispel the repellent image of ourselves we project on occasion through our movies, our sometimes over-wealthy tourists and those businessmen who are arrogant and impatient.

Accordingly, I see these funds as foreign policy insurance, if we can use them in ways which draw our specialists and theirs together in cooperative enterprise as we train our faculties, graduate students, teachers, and other specialists. Your proposed bill, Mr. Chairman, would, I believe, forward this objective.

(2) I see these currencies as available to *help strengthen U.S. academic institutions*, whether in our large universities, like the one I am presently associated

with, or the many smaller or newer universities and colleges scattered throughout the country.

Support for advanced and Ph.D. research in history, the social sciences, and cultural studies is indispensable, for only thus do we push back the frontiers of knowledge and train our most highly qualified coming generation of teachers. When they return home, they strengthen our faculties. Teacher training programs, if serious and managed with competence, could raise the level of instruction at many U.S. colleges in many ways. Teachers of Asian affairs should have periodic refresher visits to the area. Teachers of philosophy, history, oriental civilization, politics and economics could all profit from a year's immersion in the area again. Even those who concentrate on European civilization, history or culture could broaden their horizons and put the remarkable flowering of European civilization during the past four centuries in a wider perspective, if they had opportunities for intelligent personal experience in Asian cultures. Such activities need not require an elaborate bureaucracy in Washington to administer. Individual institutions throughout the country could make specific arrangements and after their immersion returning students and faculties could bring back to their colleges a more realistic and sensitive perception of the wider Asian world.

In thinking about such programs, particularly if they are accessible to many institutions, we have to be wary of allowing just anyone to go simply because he is part of the academic community. There must be means for reviewing people's qualifications, the seriousness of their interest, the relevance of their programs to their home institutions, and the likely affects in long run relationships if he pursues his interest in the way he proposes. For we must face the unpalatable—but nonetheless real—fact that Americans in host countries using PL 480 currencies, are in effect making a claim on usually very scarce real resources. While these currencies are under U.S. jurisdiction in part, our people must act as if they were guests. They must proceed with tact and understanding. And above all, they must not all descend upon the few scholars and officials who at one time or another have shown an interest in American college and university visitors. If the flow becomes too large, we can overload the circuits of acceptance and turn original hospitality to subsequent resentment.

It was in part this concern which led to establishing in India a most useful institution—the American Institute of Indian Studies at Poona in Maharashtra. I am sure you have heard about its activities. It was sponsored by 20 American universities, but the real drive and vision came from Professor Norman Brown of the University of Pennsylvania. Because it meant putting together concepts, relationships and support from the Department of State, the Office of Education, the Congress, and elements of the Indian Government, Professor Brown devoted I don't know how many months to the enterprise. All activities in India are worked out in agreement with the Indian Government and funded by the use of PL 480 rupees released to a joint Indo-American advisory board. The Ford Foundation has also helped with a grant to cover dollar expenditures for administration here and travel to India. The Institute channels funds to a number of American faculty scholars who want to be in India to do advanced research on some phase of Indian studies, and to highly qualified students who have completed their training and must now demonstrate their ability for creative scholarship by independently writing a Ph.D. dissertation based on work in India. The Institute provides language training. It helps to introduce individual scholars to those Indians who can be most helpful. It facilitates the work of a number of University librarians and bibliographers who, in cooperation with Indian librarians, are rapidly improving library aids for South Asian studies. It runs seminars in which Indian and American scholars participate on subjects of interest to Indian scholars. All these activities are paid for from PL 480 rupees and are expended in cooperation with Indian colleagues.

In the long run this may well prove to have been one of the most important channels for the development of US specialists and collaborative professional activities between Americans and Indians. But the fragility of our arrangements has been dramatically demonstrated this year. Due to budgetary pressure on the dollar budgets of the US agencies through which these rupees were being administered—the Department of State and Health, Education and Welfare—adequate rupee authorizations were not provided for this year. The results, though unintended, have been serious. Last year, the Institute was able to support 18 senior faculty fellows in India and 18 dissertation fellows or a total of 36. This coming year it appears as if no more than 12 awards can be given, a decline of 66 per cent. These numbers seem small in view of the millions in our population

or billions in our budgets. But these activities must be quality activities. And for that they must be sustained. Other worthwhile programs by the University of Wisconsin, State of New York, Department of Education, etc., have had to be similarly curtailed. No really first rate programs designed for maximum return can be mounted if they are subject to such unpredictable, accidental budgetary cuts. At a time when this government is facing increasing difficulties in Southeast Asia, it appears to me to be irrationality of a high order to find ourselves having to reduce such worthwhile programs, which cost virtually nothing in dollar foreign exchange.

Moreover, students undertaking a protracted program of study, involving the learning of exotic and difficult languages, for which they usually receive little academic credit, deserve the assurance that if they do well in their studies they can count on being able to complete their work in the country they have been studying. If, for essentially irrelevant reasons—in this instance budgetary pressure on the State Department and Health, Education and Welfare—foreign currency funds are not available, the culminating stage of their training suddenly becomes impossible. It's as if medical students, after completing their classroom training, could not complete their internship. This is a great shame.

(3) Finally, related to the points just made in relation to the American Institute of Indian Studies, I would add a third main argument justifying serious consideration of this problem—these currencies can help to *consolidate the investment already made in NDPL and similar study programs* undertaken in country. Since the beginning of the NDPL training program, the US government and many universities have been spending substantial sums in dollars here at home to train highly qualified and dedicated young people in language, area studies and in relevant academic disciplines like history, political science, anthropology, sociology, and linguistics to become specialists in certain areas of the world. But as educators we know that the only way to fully consolidate the intensive—and costly—language training these students have been given is to make possible a sustained period in the country where these exotic languages are spoken. A quick summer trip is not enough. A real immersion is necessary. It would cost the U.S. Treasury nothing, but add a very strong confirmation of the government's and our universities' investment in these students, if the qualified among them had an opportunity for overseas training at the end of their education to confirm the investment already made. This could be done if we used with greater flexibility the PL 480 currencies that are available in certain countries.

In summary, gentlemen, I have argued that a more artful and expeditious release of PL 480 local currencies would be good foreign policy insurance. These resources could help to strengthen US education institutions. They could be used to help confirm the investment the US government and our universities have already been making in area and language training through the NDPL and similar programs. I conclude, therefore, that PL 480 resources are real assets. And we should examine our present mechanisms to see how they could be improved to serve these worthy purposes.

Thank you.

The CHAIRMAN. We will go off the record.

(Whereupon, there was a short discussion off the record.)

The CHAIRMAN. This concludes the hearings on the three bills I mentioned when we started these hearings. The record will remain open until 3 o'clock Monday afternoon for the purpose of receiving statements from anyone. I hope that when those are received that the record in itself will be prepared for printing. It is my desire to get this bill reported as soon as possible.

(Whereupon, at 1:05 p.m., the committee adjourned.)

(Additional statement filed for the record are as follows:)

NEW YORK, N.Y., March 11, 1968.

Hon. ALLEN J. ELLENDER,  
Chairman, Committee on Agriculture and Forestry,  
U.S. Senate, Washington, D.C.

DEAR SENATOR ELLENDER: Church World Service is the cooperative overseas relief and rehabilitation agency of 32 major Protestant and Orthodox communions comprising the National Council of the Churches of Christ. We have had the privilege of distributing Food for Peace commodities on a people-to-people

basis since the inception of the program. These commodities have provided a valuable resource in combination with the food, fiber, medical and agricultural supplies and other goods provided by our church members out of their compassion for those in need.

We place on the record our endorsement of the proposal to extend Public Law 480 for a three-year period.

Additionally, we suggest that the intent of The Congress be established to assure that voluntary agency programs receive programmed commodities in timely and adequate amounts, lest these programs involving hundreds of self-help projects and thousands of volunteer workers be disrupted because of temporary shortages of particular commodities or market fluctuations.

Church World Service has tried to be careful stewards of our resources, both public and private. We appreciate the humanitarian concern of this Government as expressed in legislation such as the Food for Peace Program. We commend your efforts to assure its continuation for the increased benefit of the needy overseas whom we mutually endeavor to serve.

Sincerely yours,

JAMES MACCRACKEN,  
*Executive Director,*  
*Church World Service.*

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WASHINGTON, D.C., March 15, 1968.

Hon. ALLEN J. ELLENDER,  
*Chairman, Senate Committee on Agriculture and Forestry,*  
*U.S. Senate,*  
*Washington, D.C.*

DEAR SENATOR ELLENDER: I wish to refer to S. 2986, a bill to extend Public Law 480, which is now before your Committee.

At industry meetings in Chicago March 6th and 7th, the Committee on Agriculture and Executive Committee of the Millers' National Federation reviewed the important accomplishments of this legislation over many years and fully support its extension for another three years.

This legislation has resulted in significant increases in exports of United States agricultural commodities, useful market development programs, the encouragement of economic development and improved nutrition with new fortified products. Such activities have been very beneficial not only for the United States but also for all countries involved.

Though the Food for Peace Act of 1966 included a new provision (Section 109) that places special emphasis upon self-help programs in developing countries, to date few, if any, agreements as far as can be determined include and projects or currency uses for improving the marketing and distribution systems in such countries. The experience of the Federation as a Cooperator in foreign market development programs and in working with food commodity trade problems over many years indicate the great need for improving the marketing and local distribution systems in most countries. The lack of facilities for the efficient handling and distribution of imported as well as locally produced food products has been a major deterrent for market development as well as economic development in many countries.

We urge your Committee to recommend more emphasis on new self-help programs for developing effective marketing and distribution systems which are urgently needed in so many of the developing countries.

Sincerely yours,

C. L. MAST, Jr.,  
*President, Millers' National Federation.*

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SYRACUSE, N.Y., March 17, 1968.

Hon. ALLEN J. ELLENDER,  
*U.S. Senate, Senate Office Building,*  
*Washington, D.C.*

DEAR SENATOR ELLENDER: I am sorry that I will not be able to be in Washington to support S2986, extending Public Law 480 until December 31, 1970. I shall be on the West Coast during the scheduled time of the hearings. I hope, however, that this letter will serve to put my views on record.

It goes without saying that I support the extension of the basic purpose of P.L.-480 and the proposed amendments to Sections 104(h) and 109(a). My

particular interest, however, is directed to the proposed amendment of Section 104(b)(2).

This appears to me to be a most constructive amendment, since it explicitly clarifies the legislative authority for the use of P.L.-480 funds in programs which have had wide public acceptance and support, especially in the field of higher education.

I want to add this word to you as a member of the Senate Appropriations Committee: There is pending before Congress the President's request for an appropriation for the Department of Health, Education, and Welfare which includes an item of only four million dollars in surplus foreign currencies for overseas education of Americans. As you well know, the use of these surplus foreign currency funds will have no effect on our current domestic fiscal or balance of payments problems. On the other hand, the failure to use such funds constructively would be a waste of the Government's resources. I strongly urge you to support the requested appropriation.

Will you be so kind as to make this letter a part of the record for the information of members of the Agriculture and Forestry Committee and the Appropriations Committee?

Sincerely,

STEPHEN K. BAILEY,  
*Dean, Maxwell Graduate School of Citizenship and Public Affairs,  
Syracuse University.*

**STATEMENT OF E. CLINTON STOKES, SENIOR ASSOCIATE, COMMUNITY AND REGIONAL RESOURCE DEVELOPMENT GROUP, AND SECRETARY, AGRICULTURE COMMITTEE, CHAMBER OF COMMERCE OF THE UNITED STATES**

The Chamber of Commerce of the United States appreciates the opportunity to share the views of the general business community with regard to the extension of the Public Law 480 program, more popularly known as the Food for Peace program. The National Chamber is the largest association of business and professional organizations in the United States and is the principal spokesman for the American business community.

We were pleased that P.L. 89-808, the Food for Peace Act of 1966, which expires December 31, 1968, contained a number of major improvements over the previous P.L. 480 authorities, namely, (1) emphasis on population control through family planning programs in the recipient countries; (2) more emphasis on self-help—to expand per capita food production in recipient countries; (3) authority to provide U.S. commodities from open markets as well as from government stocks; (4) greater emphasis on sales for dollars; (5) greater reliance on private trade, particularly small businesses, and (6) more assistance through research, education and technical training.

The National Chamber believes that an orderly expansion of the economies of the less-developed countries of the free world is in the interest of the United States. It engenders higher living standards and greater purchasing power in these countries and thereby enhances the development of expanded commercial markets for U.S. international trade.

It is apparent that there continues to be a need for outside assistance to help close the food-population gap within a number of friendly nations. When people are starving, the principles of international morality place an obligation on the nations with abundant productive capacity to meet the emergency aspects of the food crisis. The people of this country are willing to make some sacrifices in this humanitarian aspect.

Our aid programs should provide assistance in the proper evaluation of the resources and know-how in these countries—natural and agricultural resources, industrial and marketing capabilities, and institutional facilities for the effective application of research and information.

We emphasize, however, that such assistance will contribute to the achievement of the objectives of the P.L. 480 program only if there is a reasonable degree of social responsibility and economic and political stability within such countries. Manifestations of genuine efforts to achieve these conditions should be considered prerequisite to aid, the end-objective of which should be the implementation by the recipient country of remedial measures to reduce and ultimately eliminate the need for extensive outside assistance.

Our assistance programs should be structured so as to enable the recipient countries to learn through demonstrations the advantages of our free-enterprise system over state trading systems. This means that authority for extension

of the P.L. 480 program should place greater reliance on private industry, in the recipient countries as well as the United States, in the sharing of goods, technical assistance, research and information. Our own economic progress and security should serve as a useful example to the less-developed countries in their search for economic stability and in the stimulation of private investment, both domestic and abroad.

To achieve long-term U.S. foreign policy objectives in each area and country, and to engender widespread understanding and support, the concept, scope and administration of our foreign assistance programs, such as P.L. 480, must be continually reviewed and improved.

The National Chamber supports the extension of the existing provisions of P.L. 89-808 with the following modifications:

1. That the program be extended for not more than two years.
2. That the terms of the agreement provide maximum opportunity for transactions through the private sector—both in the United States and in the recipient countries. This should apply to technical assistance, research and information, as well as to the sale of commodities.
3. That commodities, both for sale and donation, be obtained from U.S. commercial market sources at prevailing market prices so far as possible. (This means that producers would receive the full market price for exports under concessional sales and donation programs as well as for regular commercial sales. This would also facilitate the termination of acquisition and maintenance of stocks for sale by the U.S. Government. Existing stocks could be disposed of through donations in a manner which will not be injurious to commercial market opportunities.)
4. That government commitments of commodities for concessional sales and donations be determined and announced publicly well in advance so as to enable producers and marketing firms to provide needed adjustments in production and marketing plans.
5. That the recipient countries be authorized to secure the committed commodities directly from American commercial sources in accordance with their own market specifications.
6. That greater effort be directed to encouraging maximum sales for dollars or on dollar credit terms to assist in the solution of U.S. balance-of-payments problems.
7. That greater encouragement be provided for other free world nations to share increasingly in bearing these responsibilities.

These recommendations are designed to implement more effectively the objectives of the P.L. 480 program and facilitate maximum reliance on our private enterprise system. Limiting extension of the law to not more than two years will serve the need for frequent review and adaptation of the aid provisions to fit the type of assistance needed. It will also permit an objective appraisal of the Food and Agriculture Act of 1965 which expires in 1969 and enable the development of successive legislation with a minimum of interdependence with respect to the provisions of the P.L. 480 program.

#### STATEMENT OF ROBERT M. KOCH, EXECUTIVE DIRECTOR, COMMITTEE ON THE WORLD FOOD CRISIS

Mr. Chairman, and Members of this Committee, it is a real privilege for me to appear before you in my capacity as Executive Director of the Committee On The World Food Crisis to support extension of the Food For Peace Act of 1966—commonly known as Public Law 480—for 3 years or more.

First, I want to say that the entire membership of our Committee, as well as the more than 700 delegates to the Second International Conference on War On Hunger which we called last Tuesday here in Washington, are appreciative of your participation, Mr. Chairman, and that of Congressman Dole. Your contributions to our Legislative Panel were invaluable.

Participants who came from all around the globe, as well as from nearly every State were almost unanimous as to the reasons for and the scope of the problems facing the World.

They certainly were unanimous in feeling that there can be no effective program to establish Peace in the World which does not encompass plans to adequately solve our population and food crisis. As Ambassador Sol Linowitz said at our final Banquet Session, "Rarely has any international conference—on any subject—had the unanimity that marked yours today."

Before going further, Mr. Chairman, I would like to offer to your Committee copies of the prepared papers presented last Tuesday for such use as you would care to make of them.

As you who were there know, and as we have all heard at recent Hearings on this complex subject, practically no one objects to the goals but some differ as to the method of obtaining them. They agree with the President's statement in his Agricultural Message when he said in relations to the world food situation: "The clock continues to tick in the developing nations—as the shadow of hunger threatens to turn into a nightmare of famine . . . This (Food for Freedom) lifeline of hope to the needy of the world cannot be withdrawn."

May I say that most of us were very much encouraged by the passage of the 1966 Act. With its relatively abundant funds—those authorized to be appropriated, plus those carried over—many of us expected quite substantial accomplishments. Frankly, we were quite disturbed at the effect on American agriculture.

Some of us did not realize that there were insufficient safeguards to adequately protect the American farmer from the serious price-depressing effect of permitting production called for to meet these "War on Hunger" requirements to commingle in market channels with the regular commercial supplies.

And, we urge the Congress to pass whatever legislation is necessary to see that he never again is hurt when he responds to his Government's request.

As everyone on your Committee knows, never in the history of our Nation have the farmers failed to perform when asked to do so by their Government. And, all too frequently, temporary benefits have not only been lost but they have suffered for decades afterward from "surplus supply" as measured against "effective demand."

This War on Hunger, or Fight for Peace, or whatever you want to call it, is the concern of all the people and the cost should come out of the Federal Treasury and be borne by all taxpayers just as we finance our Military Wars.

Our Committee was organized just a little over two years ago by a group of us who felt that a "citizens group" without any particular program to emphasize, should be formed to mobilize grass roots support for an all-out War on Hunger.

The overriding goal was—and is—to improve the prospect of Peace. We firmly believe the forces at work can be devastating. We must help the underdeveloped nations find the roads to self-help programs. If we do not, the population explosion and the resulting masses of undernourished, uneducated people will become hordes of hundreds of millions of people easily exploited by leaders who will only have to promise a better life—not actually provide it.

The following statistics seem to me to prove conclusively that Peace in the World is attainable.

In 1958, there were 23 prolonged insurgencies going on in the world; by 1966, there were 40. Furthermore, the total number of outbreaks of violence has increased every year. In 1958, there were 34; in 1965, there were 58.

Most significantly, there is a measurable relationship between the incidents of violence and the economic status of the countries involved. The nations categorized by the World Bank, according to per capita income, are: rich, middle income, poor, and very poor.

The "rich" nations are those with a per capita income of \$750 per year and up. The United States level is upwards of \$2700. 75% of the world's wealth is possessed by 27 of these "rich" nations, although only 25% of the world's population.

However, only one of these "rich" nations has gone through a major internal upheaval since 1958.

On the other hand, the economic scale, however, shows another story. Of the "very poor" nations—those with a per capita income of under \$100 a year—which total 38 nations, no less than 32 have endured significant conflicts. History shows that these nations have undergone an average of two major outbreaks of violence, per country, over an 8-year period. To be sure, this is a significant amount of conflict and predominantly of a prolonged nature.

In the case of the other two categories: "the poor, and the middle income" nations, the trend holds constantly true. The statistics of serious violence for these two categories, since 1958, are: 87% of the "very poor" nations, 69% of the "poor" nations, and 48% of the "middle income" nations.

Therefore, there is no question but that it is a fact that there is an undeniable relationship between violence and economic backwardness. And the trend of such violence is up—not down.

We have all heard the literally staggering statistics about the millions of people that are being added to the World. Most of us really can't think in terms of millions and billions—or maybe I should simply say, *I can't*. But when I heard Ambassador Linowitz describe the problem on the basis of every 60 seconds, I found I could visualize it better. He said, "During the next 60 seconds, 200 human beings will be born on this earth. 160 of them will be colored—black, brown, yellow, red. About half will be dead before they are a year old. Of those who survive, approximately half will be dead before they reach their sixteenth birthday. The survivors who live past 16, will have a life expectancy of about 30 years. They will be hungry, tired, sick most of their lives. Only a few of them, if that many, will learn to read or write. They will till the soil, working for landlords, living in tents or mud huts. They—as their fathers before them—will lie naked under the open skies of Asia, Africa and Latin America—waiting, watching, hoping—starving.

"These are our fellow human beings, our neighbors, if you will. Is it any wonder that despair and revolt at hunger, envy and, even anger, over the inequality of life, is the most urgent political economic fact of our day?"

Many feel that our Christian heritage demands our concern for our fellow man—and, I yield to no man in the desire to help the underprivileged—yet it seems to me that all we advocate is in our own self-interest.

Nearly everyone will agree we cannot pull back to our shores and attempt to enjoy our affluence. Possibly, all of us in this room could live to enjoy relative freedom from World problems for a few years if we did this. But what a legacy to bequeath our children and future generations!

The more than 10,000 organizations and individuals associated with us share a desire to work together for a better World. Some would emphasize population control, some would increase the teams of trained experts now fanning out through the World under the supervision of our colleges and universities; others would increase the agribusiness projects of new installations, better distribution facilities, etc., etc. But, I would like to stress, ALL would increase our total effort. Furthermore, I must emphasize that all of us who organized this Committee were literally astounded that the grass roots seemed to be 'way ahead of us.

Our first Conference was not only well-attended by experts in every field associated with the problem, but many others who were unable to be present, wrote offering their cooperation. And, as you know, your former Chairman gave this meeting credit for stimulating much of his thinking which went into his War on Hunger Bill.

Before I go any further, let me emphasize that our name seems to give some the wrong impression.

While we firmly believe that the American farmer can play a leading role in this national effort to obtain and maintain Peace, we must not overstress this facet of the many needed to reach the ultimate goal. Population control, in some form, is absolutely essential. And no one on this Committee believes that American agriculture should try to feed the World. But, in the interim of helping developing nations solve their hunger problems, American agriculture can be a most useful tool in promoting self-help programs.

Everyone attending the Conference was most conscious of the dollar drain on this Nation for its many efforts throughout the World—and, of course, particularly now with the Vietnamese War. However, the question was asked over and over, "why can't we send bushels and tons of foodstuffs overseas without hurting our dollar balance?"

If we can protect the American farmer, and if we can send food overseas without hurting the Balance of Payments, then it seems to some of us that we ought to take a real hard look at the alternatives, if we don't wage an all-out War on Hunger.

One of the principal reasons why this Nation is such an outstanding producer of food is because of our Land Grant Colleges and collaborating County Extension Agents. True, we have teams of land grant college experts around the globe now. But, in my opinion, we have only scratched the surface of this "facet."

To those who say that we should have more help from other Nations, we agree.

However, we are not alone and very substantial progress has been made. So much so that the "prophets of gloom" have already been proven wrong. It was my

privilege to present a Citation from our Committee to the Philippine Republic and President Ferdinand Marcos through two Philippinoes at our Luncheon last Tuesday.

Philippine Under Secretary of Agriculture D. L. Umali, and Andres de la Cruz, a Philippine farmer who has made a remarkable record, accepted the Citation in behalf of President Marcos.

Under Secretary Umali told the dramatic story of this farmer who used the new "miracle" rice developed by the International Rice Research Institute, and financed jointly by the Ford and Rockefeller Foundations. His income went up from \$63.00 to \$725.00 per crop from 1.8 hectares of land (about 4.5 acres).

This is not just an isolated case history. As Dr. Umali said, "Except for a few years, the Philippines has, since 1910, imported billions of pesos worth of rice." Then he reported they would have a surplus of rice stocks of 475,000 metric tons by June 1968.

Here is a developing Nation that has proved that they can be helped to help themselves. But, listen again to his words: "Mr. de la Cruz's happy story might be said to have started one hot afternoon when an agricultural extension fieldman (one of 780 AID-financed technicians) paid him a visit." He then went on to recount the de la Cruz story.

Again, I refer back to the many "factors" of the total problem. One of the key points in this success story was a good government "climate", as well as a natural one. The government had pegged the price at \$4.00 instead of \$3.00 per bag of 44 kilos of rice. All too frequently there is relatively little incentive in undeveloped nations for the farmers to make the effort to increase production. And then there are problems of credit, fertilizer, distribution, etc.

Our Committee is very conscious of the need and wants to urge that a well-rounded program, including active participation of voluntary agencies, the agribusiness community, as well as those previously mentioned, is the only way we can be sure of attaining the ultimate goal of peace we are all seeking.

We firmly believe, by properly mobilizing our American ingenuity, personnel and finances, we can help every Nation attain the basic materials each human being needs to live in dignity. When that point is reached, the hordes which are so susceptible to exploitation when hungry and starving, will be more stable.

This may seem like a dream, at least many years off, but, if we do not make a start, future generations may condemn us for quietly going our affluent way as Nature's bomb—which could be more destructive than man-made atomic ones—goes ticking on.

It is the considered judgment of our Committee that this Nation—whether it is joined by other nations or not (and parenthetically, we believe that they should be urged to share this burden)—cannot afford *not* to make this effort.

We are now spending between \$3 and \$4 billion a month in Vietnam. Why shouldn't we make a similar "peaceful" effort? While I realize many will scoff at this proposal, if we think about it, there are many of us who not only can afford to, but *would* pay sizable amounts if we thought we could rid the World of this terrible threat. And *all* the experts agree, we could make real progress with only a fraction of what we are currently spending for munitions.

Mr. Chairman, the cost of government and its programs have been of great interest to me for many years. When I left my home in Greenfield, Massachusetts, for an education at the University of Massachusetts, I doubt anyone could have been more conservative. I was frightfully scared of the "large" expenditures during the early '30s and the "staggering" national debt.

Then we went into World War II. If all the dire predictions I had been brought up to believe were going to happen, because the early '30s expenditures were true, it seemed to me we were surely headed for complete national bankruptcy.

But I am continually impressed with the fact that in spite of all the dire predictions that some have continued to make, this Nation is the most affluent on the face of the globe.

Our total gross national product today has crossed the \$800 billion mark and is rapidly heading for a trillion dollars a year. And today our per capita share of the national debt is \$1,642.00. This looks like and is, of course, a substantial figure. But we are making progress and are a lot better off today than we were 20 years ago.

When I left the U.S. Department of Agriculture and took my present position with the National Limestone Institute in 1946, the per capita share of the national debt was \$1,909.00. But the difference between the \$1,909.00 in 1946 and the \$1,642.00 is not the major reason why I say we are better off.

In 1946, our national debt was 129.4% of our Gross National Product. In 1967, the debt is only 41.6% of our G.N.P. While all of us should be concerned about our increasing national debt, it seems to me we should not let things get out of proportion. The greatest factor in our favor is our tremendous growth. Although we should be concerned about our debt, we should not, in my opinion, be so concerned that we lose our perspective.

#### NATIONAL DEBT COMPARED TO GROSS NATIONAL PRODUCT

	GNP (billions)	National debt (billions)	Per capita share of national debt	Percent national debt is of GNP
1946-----	\$208	\$270	\$1,909	129.4
1967-----	799	327	1,642	41.6

While I certainly want to advocate a sound and cautious approach, I fail to see why our Nation cannot afford to spend .005% of its gross national product what literally everyone says is the most serious problem facing the World. And, that is all \$4 billion a year for Public Law 480 would be—.005% of the gross national product.

Although solving the Vietnamese War has us all concerned and it seems to defy all solution, it will be solved—and in our lifetime. This problem of World Hunger cannot be solved in our lifetime, but we must make a more concerted effort than we are now doing, if we are not going to betray the trust of our children and their children's children.

And, so, our Committee would like to urge the Congress to extend the Food for Peace Act of 1966, without any restrictive amendments and with at least the same funds previously authorized. We also hope that the record at these Hearings can be so unmistakably clear that the Administration will take steps immediately to fully utilize the 1966 Act.

#### STATEMENT OF REV. L. MAYNARD CATCHINGS, COMMITTEE FOR INTERNATIONAL DEVELOPMENT, UNITED CHURCH OF CHRIST; ALSO REPRESENTING THE DIVISION OF INTERNATIONAL AFFAIRS, NATIONAL COUNCIL OF CHURCHES

We wish to recognize the significant contribution that has been made toward alleviation of the problems of world hunger under the provisions of P.L. 480 since its enactment in 1954. However, we are concerned about the fact that the level of food shipments have declined in recent years in the face of increasing need. We would like to go on record as favoring the extension of this legislation along with the expansion of some of its provisions.

1. It is our feeling that the level of authorization should not be lowered at this time and that every effort should be made to secure a full appropriation of the authorized amounts in the future.

2. We would like to see the population control section enlarged and strengthened.

3. We endorse the request for a three year extension of the bill with the hope that this will in no way curtail further efforts to reevaluate the program in the interest of strengthening and improving it.

4. In face of the need for hard currencies in the developing countries for their legitimate development needs, it does not seem practical in terms of promoting long term development to insist on a stepped up conversion to dollar sales at this time.

A greater effort should be made to use the local currencies that accumulate for development of local agricultural productivity and such things as improved educational and health facilities, increased opportunities for cooperatives and credit union development as well as stimulation of local private business enterprises.

In this regard we also support an increased use of Food for Work plans and an increased use of the Cooley amendment and provision 107 for advancement of U.S. private enterprise involvement in developing countries.

As the main goal should be getting the food to those who need it, in certain emergency situations greater consideration should be given to outright grants.

5. We commend the trend to production for need rather than the "disposal of surpluses" approach. In line with this there should be adequate price incentives for an increase in quantity as well as quality of food produced which may better fill the nutritional vacuum.

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WASHINGTON, D.C., March 13, 1968.

Hon. ALLEN J. ELLENDER,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR ELLENDER: The American Association of University Women desires to express its support for a three year extension of P.L. 480, the Agricultural Trade Development and Assistance Act of 1954 as amended. We believe much has been accomplished in the years since its enactment in aiding other countries to improve their general well-being, and in establishing markets for our present and future productivity.

We speak from deep concern that is expressed in our membership in the form of intensive study, currently underway, of food and population problems of the developing countries.

In a time of national financial stringency, extension of P.L. 480 seems a very constructive way of maintaining our objective of aiding developing nations. We would like to point out the impressive results of permitting use of counterpart funds to promote academic research and student exchange. We urge that the legislation before you include arrangements for use of counterpart funds for academic research and for interchange of students from this country to broaden the knowledge and understanding of Americans about foreign nations.

Sincerely yours,

MISS GWENDOLEN CARTER,  
*Area Representative in World Problems,*  
MISS VICTORIA SCHUCK,  
*Chairman, Legislative Program Committee,*  
*American Association of University Women.*

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STATEMENT BY BERT TOLLEFSON JR., EXECUTIVE DIRECTOR, AMERICAN CORN MILLERS FEDERATION AND EXPORT INSTITUTE

Mr. Chairman and Members of the Senate Agriculture Committee. We appreciate this opportunity to present the views of the American Corn Millers Federation and Export Institute with respect to P.L. 480, better known as the Food for Peace Act of 1966.

We welcome this opportunity to testify in favor of extending, for three years, the Agricultural Trade Development and Assistance Act of 1954 as amended. The achievements of Food for Peace and now the War on Hunger have established these essential and beneficial programs as one of the most successful undertakings in our Nation's history.

The wise use of American farm products has fulfilled humanitarian needs but has also assisted our Nation to meet economic, social and political commitments throughout the world. This Senate Committee deserves great credit for these accomplishments. Having participated in the establishment of the first Food for Peace programs while in the U.S. Department of Agriculture, I am grateful for the opportunity to continue working with you.

Our corn milling industry, composed of 75 member countries in 25 states, appreciates the working relationships we have had with the Congress, governmental departments, voluntary agencies, and other interested parties. Officials in the Departments of Agriculture, State and the Agency of International Development, have done a very effective job of administering the beneficial legislation passed by Congress. The voluntary agencies also have an outstanding record of administering programs and distributing commodities.

Since the initiation of P.L. 480 in 1954, about 4 billion pounds of corn meal have been distributed throughout the world by the U.S. Government and private agencies, creating over 10 million years of life food energy. This 4 billion pounds of golden corn meal has proved, through the years, to be a nutritious and efficient

source of calories and energy in more than 100 countries where corn foods are basic in their usual diets.

Golden corn meal has so many uses in native dishes throughout the world, we expect its use to increase. But research projects of our Federation and other research activities of our member companies are developing other new milled corn products which will make additional contributions toward combatting world hunger.

Beginning in September of 1966 and continuing through the present time, the U.S. Government has purchased over 440 million pounds of a new, high-protein, low-cost, blended food called CSM which is being distributed by governments and volunteer agencies in over 100 countries. This new food has been developed through cooperation of the corn milling industry and government nutrition experts from Agriculture, AID and the National Institutes of Health.

CSM is a formulation of 68% processed corn meal, 25% soy flour, 5% non-fat dry milk and 2% vitamin-mineral premix. The result is a 20% protein food with an adjusted protein efficiency ratio of 2.48 and a nutritionally proved amino acid balance. It is virtually bran free, has a bland flavor and smooth texture for feeding as a gruel, beverage or as dough in such foods as tortillas, empanadas, chapati, enchilladas, etc.

Non-governmental programs for acquisition of milled corn products are exemplified by UNICEF's cash dollar purchase of 7.6 million pounds of CSM for about \$700,000. This CSM will provide 480,000 beneficiaries with a supplementary ration of 80 grams a day for three months. The current issue of *UNICEF News* contains an unforgettable picture of a child in India eating CSM. Another issue of *UNICEF News* referred to CSM use as, "the first attempt in history to introduce a new food product simultaneously to millions of people on a world-wide basis".

While CSM is being used primarily as a new food for infant and child feeding it has appeal for adults also. Several members of this Committee tasted CSM at our recent milled corn products luncheon here in the Capitol. Most of you who attended that luncheon sampled each of the foods including the famous Senate Restaurant corn bread, cheese flavored hominy grits, corn-fed beef and a corn flake cake dessert; but one Congressman liked the CSM soup well enough that he limited his lunch to 3 cups of the CSM which tastes something like split pea soup.

Additional evaluation tests of feeding programs utilizing corn meal and CSM, are presently underway in many countries and the results are very favorable. Our industry is continuing to experiment with various means of fortifying milled corn products to further increase their nutritional values. For example, as synthetic lysine and tryptophane become available in larger quantities at lower prices, fortification of cereal grains will find additional uses in many countries.

As statements and other testimony are reviewed by your Committee, we intend to keep in contact with you offering suggestions and responding to any questions you may direct to us. Our Field Director Juan del Castillo leaves next week for a month's market development trip to several countries including India. Our Asian Field Director, Loyal Leitgen, has been in India and Southeast Asia for four months and he is also preparing information we will have available.

At this time, we do wish to emphasize the importance of planning P.L. 480 programs and commitments far enough in advance to enable farmers to make needed production and marketing plans. In the same context, when industry is required to process American farm products, it is vital that P.L. 480 programs give adequate indications of volume requirements to allow for sufficient industrial capital investment and production scheduling.

We also agree with the emphasis that administrators of the program are placing on use of food for self-help projects that are increasing the ability of under-developed nations to feed their own populations. The startling fact is that world population continues to spiral and will undoubtedly rise above 6 billion before the end of this century. It is essential that P.L. 480 implementation continues to be directed at both world food needs and population problems.

Several members of this Committee, government officials and other witnesses have also stressed the importance of expanding commercial markets for American farm products and we also agree with this objective. One of the major benefits of P.L. 480 has been the development of commercial markets. Many nations, which only a few years ago were recipients of Food for Peace and other aid programs, are today leading customers for American farm products, including: Japan, Taiwan, Korea, Israel, Spain, and several South American countries.

We will not repeat the statistics as to world food needs with which your Committee is very familiar. We would only join with you in agreeing to the urgency of this project and suggest that no program of our Nation is more vital than the wise use of food from our agricultural heart land in meeting human needs and increasing political, social, and economic stability in a troubled world.

The corn milling industry in cooperation with American corn farmers will continue to work with all interested parties in any feasible way on the vital problems of alleviating world food needs. We are increasing our efforts in various projects aimed at improving world nutrition and expanding commerce as essential elements of world peace.

Thank you.

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NEW YORK, N.Y., March 18, 1968.

Hon. ALLEN J. ELLENDER,  
Chairman, Committee on Agriculture and Forestry, Old Senate Office Building  
Washington, D.C.

DEAR SENATOR ELLENDER: This is a follow-up to my recent telegram to you, urging that you and your Committee on the extension of Public Law 480, 83rd Congress, consider expanding the use of foreign currencies for research and demonstration projects in health, disability and rehabilitation to all foreign nations with which sales contracts are negotiated.

I have been following this program since its inception, and my associates and I have personally visited a number of these projects in Poland, Yugoslavia, Israel, UAR (Egypt), Pakistan and India. Much is being achieved in the research and demonstration projects for health and disability in these countries, which is not only of great benefit to the countries themselves but also in the development of new and significant knowledge in health, rehabilitation and prevention of disability among our fellow Americans.

Unfortunately, this program has been restricted to those few countries where the United States-owned foreign currency is considered to be "excess to normal requirements" of our own government. As a result, the program is limited currently to but ten countries.

The World Rehabilitation Fund, Inc. a voluntary organization of which I am the President, has worked very closely with the officials of the Department of Health, Education and Welfare in these projects. Last December, for example, a highly successful training program in prosthetics and orthotics was completed at the Government General Hospital in Madras, India, with trainees from these projects throughout India.

At a very small cost, United States-owned foreign currencies were used for the trainees' living stipends and other expenses. The World Rehabilitation Fund, Inc. contributed the services of the Director of the course, Mr. Juan Monros, and considerable teaching supplies and equipment.

You can see the importance which I attach to this program by the enclosed articles.

With deep appreciation for the thoughtful consideration I know this request will receive, I am,

Sincerely,

HOWARD A. RUSK, M.D.,  
President, World Rehabilitation Fund.

(The articles referred to are on file with the committee.)

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STATEMENT OF JOSEPH O. PARKER, CHAIRMAN, INTERNATIONAL TRADE DEVELOPMENT BOARD, AND HAROLD M. WILLIAMS, PRESIDENT, INSTITUTE OF AMERICAN POULTRY INDUSTRIES

The United States poultry and egg industry's International Trade Development Board and the Institute of American Poultry Industries supports H.R. 15693 which would extend the Agricultural Trade Development and Assistance Act of 1954 for three years.

The poultry industry through these organizations cooperates with the Foreign Agricultural Service of the United States Department of Agriculture in carrying out market development programs for poultry and eggs in foreign countries.

The Agricultural Trade Development and Assistance Act, as amended, which is often referred to as P.L. 480, has been a major factor in the development of a growing export market for United States agricultural products. Agricultural exports not only serve to strengthen farm prices but they are making a major contribution to the nation's balance of payments. Agriculture represents a basic and national asset which is replenishable. The development and maintenance of export markets for our agricultural products is vital to the well being of our national economy.

This Committee and the Committee on Agriculture and Forestry of the United States Senate recognized this fact when P.L. 480 was enacted. Both Committees have given continued recognition to the importance of, and need for, continuing and strengthening the agricultural market development programs conducted through, and in cooperation with, agricultural trade groups with almost every amendment to, or extension of, P.L. 480. These programs are the direct outgrowth of the leadership of the committees on agriculture of the House and Senate, and of the legislation initiated by them.

Because of the great emphasis which is placed on the Food for Peace aspects of this legislation and the need for supplying food to the less developed areas of the world, the importance of market development and the benefits of market development activities to American agriculture and to our national economy are frequently overlooked. We, therefore, wish to commend this Committee for its farsighted leadership and urge that it continue to emphasize the importance of market development programs.

We would like to add at this point, as a part of our statement and as a part of this record, the report which was made to the Subcommittee on Foreign Agricultural Operations of this Committee by the Honorable Clifford R. Hope, a former Chairman of this Committee. The report was made by Mr. Hope on behalf of the trade groups with whom the Foreign Agricultural Service cooperates in carrying out market development programs. This report contains a brief review of the legislative history and congressional policy with respect to the market development activities under P.L. 480 and points out the lasting benefits being derived by American agriculture from the use of comparatively small amounts of foreign currencies which are being generated by P.L. 480 sales. The record of the meeting at which this report was made was not printed and we believe that the report will indicate the need for the extension of this important legislation.

We would like to add a few brief comments with respect to the importance of this program to poultry and eggs and their products.

The development of a market for U.S. poultry products under P.L. 480 is an outstanding example of success in building export markets in spite of a wide variety of handicaps.

Prior to 1956 the United States exported very little poultry meat commercially. Under the authority of P.L. 480 broad range market development programs were instituted under partnership agreements between USDA and the Institute on behalf of the U.S. poultry and egg industry. We have had to be diplomats, traders, negotiators, promoters, and merchandisers. Through our own government we have worked with governments of other countries to try to overcome all kinds of trade barriers—tariffs, license controls, barriers under the guise of health regulations and other non-tariff barriers. We have had to overcome the prejudice against frozen poultry—even change eating and cooking habits.

Market development programs have given the poultry industry a new dimension. The industry has put forth great efforts to build a favorable image abroad for U.S. poultry and into promotion to build total consumption and enlarge the total market.

Nearly 100 countries are now buying U.S. poultry. The bulk of poultry sales have been for dollars.

United States poultry products are still relatively new in export markets. They are demonstrating daily their ability to compete in foreign markets if given the opportunity to do so. We have a good beginning, but exports are important to the poultry industry and we need to maintain and expand them through the

continuation of market development programs made possible through the Agricultural Trade Development and Assistance Act of 1954.

Mr. Chairman, we urge the Committee to extend the Act to December 31, 1971.

(The statement referred to above is as follows:)

**STATEMENT OF CLIFFORD R. HOPE BEFORE THE SUBCOMMITTEE ON FOREIGN AGRICULTURAL OPERATIONS, HOUSE COMMITTEE ON AGRICULTURE**

Mr. Chairman, my name is Clifford R. Hope. I am submitting this statement on behalf of a number of cooperators in the foreign market development program which has been set up by the U.S. Department of Agriculture under the provisions of the Agricultural Trade Development and Assistance Act of 1954, usually referred to as Public Law 480 of the 83rd Congress.

I want to begin by expressing to this Subcommittee the very deep appreciation of the cooperating organizations and myself for affording us the opportunity to make this report. We fully recognize that it was the leadership and foresight of the Committees on Agriculture of the House and Senate which brought these market development programs into being. This leadership was provided at the time of the enactment of Public Law 480 and has continued through all amendments thereto and extensions thereof including the extension last year.

The importance and scope of the Market Development program to American agriculture is illustrated to some extent by the many important agricultural commodities which are represented by cooperating organizations. Geographically all parts of the nation and almost all commodities are represented.

Expanded markets for American agricultural products is the one primary and lasting benefit which was sought to be achieved for United States agricultural producers through Public Law 480.

Following World War II American agriculture, as a result of the spur of massive technical advances and increased production which had been brought about to meet war demands, was faced with increased supplies and dwindling export outlets. Markets which had been supplied through war time measures and aid programs ceased to be markets as these programs were curtailed. Practically all countries were experiencing a lack of foreign exchange. The Committee recognized this and sought to remedy the dollar gap by authorizing the sale of agricultural commodities which were in excess to our needs for foreign currencies. It also recognized that supplying agricultural commodities for foreign currencies to overcome a lack of foreign exchange was only a part of the picture.

To meet this situation the Committee chose to blaze a new trail, to plow virgin soil and pioneer a new method for strengthening foreign markets. Under P.L. 480 the Committee proposed not only to authorize sales of surplus agricultural commodities for foreign currency to friendly countries experiencing balance of payments problems but it provided authority and policy direction to carry out a program of foreign market development designed to develop and expand markets for these products. The legislative history in connection with the passage, renewal and extensions of the Act indicates that there were three things uppermost in the minds of the Congress in passing the legislation; namely (1) endeavor to make it possible to sell our accumulated supplies of agricultural products, (2) maintain, expand and develop markets for current production of these products and (3) preserve the functions and identity of our private trade.

The events of the past twelve years have clearly demonstrated the wisdom and foresight of the Congress.

P.L. 480 went into effect early in July 1954. For the fiscal year ending on June 30 of that year, our total exports of agricultural commodities were \$2,936,000,000. Of this amount, \$2,331,000,000 was commercial sales for dollars. For the fiscal year ending June 30, 1967, it is estimated that our agricultural exports will reach a total of \$6.8 billion. Of this amount, it is estimated that \$5.3 billion will be commercial sales for dollars. In the past thirteen years, our total agricultural exports increased by 132% and our commercial sales for dollars by 130%. During this period, agricultural exports have increased at a faster rate than nonagricultural exports. They now are about a fourth of the total U.S.

exports. They have covered a wide range of commodities and every state in the Union has benefited from them. In fact, about half of the U.S. agricultural exports today consists of products that were insignificant in international trade before World War II. Most of the increase in agricultural exports has been to the hard currency areas. It goes without saying that the foreign exchange received for these exports has contributed materially in helping with our balance of payment problem. These exports also serve to strengthen our domestic economy and have been a major factor in effectuating our foreign policy and in assisting our efforts to support peace and freedom.

Trade expansion in the billions of dollars does not just happen by itself. While the spectacular expansion which has taken place in agricultural exports is due to many factors, certainly one of the most important is the cooperator market development program set up under the authority of P.L. 480. We believe that as time goes on, this program will assume even greater importance. This is not only because of the increase in world productivity and buying power but also for the reason that much has been learned by both Foreign Agricultural Service and the cooperators in the program. In the beginning, there were few guideposts to go by. It was very much a matter of trial and error. There were not as many unknown factors involved as there are in putting a man on the moon, but there were a lot of problems which could only be solved by experience.

But this is no time for any of us to rest on our laurels. While this country has gone far and done much in expanding trade in agricultural products, our competitors have not been idle. Competition is increasing and we can expect it to continue to do so, as other countries expand their production and intensify their marketing activities. These countries are also using trade barriers, subsidies, and other devices to take our markets away.

There is increasing evidence that the world trend toward freer trade is slowing down and may actually be receding. The time is here when we, who are interested in expanded agricultural trade, whether in government or out, must redouble our efforts, increase our cooperation, and take such action as will assure equitable and competitive market access for our products. Otherwise, our hopes and dreams of expanding world trade on a basis of comparative advantage and the efficient allocation of resources will disappear as subtly as the smile of a Cheshire cat. We must not permit our markets abroad to be destroyed or to be taken away because of our unwillingness to fight and compete for them.

With the Committee's permission I would like to take a few moments to review the legislative history and congressional policy with respect to market development activities under the provisions of Public Law 480, and especially the use of foreign currencies for that purpose. Although the intent of Congress on this question was quite clear, there appears to have been considerable reluctance in the Executive branch of the government, especially in the Bureau of the Budget, to recognize and accept the clear and definite direction of the Congress on this matter.

At the outset it was completely discretionary with the Executive branch to determine the amount of foreign currency generated under the sales of agricultural commodities under Public Law 480 which would be made available for agricultural market development. In order to make certain that ample foreign currencies would be made available for market development purposes, the Congress, in 1959, found it necessary to write into the law an amendment to section 104(a) which directed that the equivalent of not less than 5 percent of the total foreign currencies received from the sale under Title I be set aside and made available for the purposes of market development.

The report of the House Committee on Agriculture on the 1959 amendments contains the following explanation: "Despite the clear intent of Congress, adequate foreign currencies are not being made available in the principal commercial areas for this important work. To insure that sufficient amounts of these foreign currencies are used for market development as authorized under section 104(a) of Title I, this section directs that the equivalent of not less than 5 percent of the total sales under Title I be made available for this purpose. This will eliminate the delays and difficulties which have been involved in the process of allocation by making this minimum amount available to the Secretary of Agriculture for this purpose."

However, the Bureau of the Budget, in submitting its recommendations to Congress on the agricultural market development program, has often disregarded the provisions which gave priority to the use of foreign currencies for market development and earmarked 5 percent of the total sales proceeds and loan repayments for that purpose. Actually, in its recommendation for fiscal year 1960, the Bureau suggested language which would have prevented the use of any foreign currency for market development in dollar market countries. Fortunately, Congress rejected the proposal.

In the budget which the Bureau sent to Congress for fiscal 1961-62, it went even further in its efforts to thwart the intent of Congress in the use of foreign currency for foreign market development. On this occasion, the Bureau apparently chose to forget that there was such a law as P.L. 480 and that market development programs had been carried out under its provisions for several years. It entirely ignored the law and set up an item calling for an appropriation in dollars for "market development activities abroad" under Title VI of the Agricultural Act of 1954. This title concerns agricultural attachés and its principal purpose is to transfer them to the Department of Agriculture. It has no connection whatsoever with market development under P.L. 480. The object of the Bureau in using this subterfuge was apparently to get away from the plain language of P.L. 480, as well as its legislative history, which pointed out specifically that foreign currencies were to be set aside and used for market development purposes. Again, Congress did not accept the viewpoint of the Bureau, and the appropriation was made in accordance with the provisions of P.L. 480.

Later, the provision that 5 percent of the foreign currency derived from sales under Title I be set aside for market development purposes became ineffective mainly because the currencies which were set aside consisted of currencies which could not be used in countries which offered the greatest market development potential.

The Committee on Agriculture again manifested its leadership to make certain that foreign currencies of the type and kind needed would be available for agricultural market development purposes. Public Law 480 was amended in 1961 to require that Title I sales agreements contain a provision that not less than 2 percent of the proceeds of future P.L. 480 sales and loan agreements be freely convertible into the type and kind of currencies needed for market development. The action of the Congress in specifically directing that not less than 5 percent of the foreign currencies received under Title I sales be set aside for market development, and the latter amendment providing for the conversion of not less than 2 percent of the total sales proceeds, clearly indicates the deep importance which this Committee attached to market development. As a result of these amendments it has been possible for the government to finance the cooperator market development programs almost entirely from foreign currencies.

Members of the Committee will recall that prior to the enactment of Public Law 480, the Congress had repeatedly given to the Department of Agriculture, in numerous pieces of agricultural legislation, both the authority and funds to help expand foreign markets for United States agricultural products. While undoubtedly much good work was accomplished under this authority, in the main such efforts consisted largely in gathering statistical information and making of reports, with the exception of limited export payments to increase competitiveness of certain United States agricultural products. It was not until the establishment of the cooperative market development program under Public Law 480 that promotional and sales drives were actually organized and used in foreign market areas.

I am certain that the function of the cooperators and their importance to the success of the market development program is not fully understood, even by many people in government, particularly those who have only come on the scene in recent years.

The key to the success which has been achieved in market development under Public Law 480 in my judgment, has been the enlistment of the assistance of the producers and private trade through non-profit industry-wide commodity organizations to actually carry out market development activities. This fact

distinguishes market development under Public Law 480 from all other market development efforts carried out under prior legislation. Both the Committee and the Department of Agriculture recognized that the Department, as an agency of Government, was not in a position to establish the relationships and understanding which are essential to the expansion of international trade. It was also clearly understood that activities to expand the private trade could best be carried out through the private trade. Consequently, in the very beginning, the Department properly invited the non-profit trade organizations to enter into cooperative contracts or arrangements to develop and carry out market development programs best suited to the needs of the particular commodity involved.

In the market development program government, producers and industry work together as a team in a cooperative effort to achieve a national objective. The Government's principle role should be to obtain fair and equitable access to foreign markets. It also provides the foreign currencies necessary to carry out the program abroad together with policy guidance and supervision to see that it is carried out in accordance with the provisions of Public Law 480, as amended. The cooperating producer and trade organizations bring into play commodity knowledge and expertise, sales drive, trade judgment, and serve to stimulate sales efforts of the United States industry.

Although the Congress did not require these non-profit producer and trade organizations to pay any of the costs of the programs which could be met with the foreign currencies made available under the law, in order for them to cooperate and assist in the market development program, they do contribute greatly to the success of the programs and their assistance results in substantial costs to them. These non-profit organizations as such do not benefit from the programs. All foreign currencies received for market development go into approved program operations. Their sole objective is to expand markets for agricultural commodities. The benefits of their efforts flow to domestic producers and to the national economy generally, just as do the efforts of the employees of the Department of Agriculture.

The non-profit trade organizations have not only indicated their willingness to cooperate, but they have met the necessary dollar costs in the United States for overall supervision and backstopping. By enlisting the interest, support, supervision, expertise, and assistance of these groups, the Department has been able not only to provide the framework for successful market development activities, which the government itself could not have provided, but through their activities they brought into being, as I have said, the strong interest, sales drive and energies of the private traders essential to the development of private trade.

The cooperators have provided valuable assistance without charge or cost to the government in the carrying out of market development programs and are capable of developing trade interest and relationships with foreign buyers which government officials cannot do. Cooperators have also saved the Department thousands of dollars which would otherwise have been incurred and have made it unnecessary to increase government personnel which would have been employed by the government if it were to attempt to perform any of the functions performed by the cooperators.

More than that, the cooperation of industry and government for the benefit of U.S. agriculture cannot be measured in monetary terms. It is a program that is unique in government history.

We believe that this new concept of forging together the unique capacities of non-profit private trade groups with those of Government in agricultural market development a real success story. It has proved to be a practical and effective way to carry out market development.

We realize that there have been some criticisms of Public Law 480 market development programs. This was bound to be the case. After all, this has been an entirely new field both for the Government and for most of the cooperators. There have been misunderstandings and some mistakes. But, the cooperators along with the Department have worked, and are working constantly to improve these programs. We believe, that they are soundly based and that there is better understanding of our market opportunities, our objectives, and of our problems than ever before. In all likelihood, there will be mistakes in the future. But complete inaction is the only way to insure against mistakes and that would be the greatest mistake of all.

There have also been criticisms by persons who are uninformed as to program or policy objectives or who may have no concern or responsibility for effectuating the objectives of the legislation. This is another reason why we desire to keep this Committee fully informed because it is the Committee which has the responsibility for policy and on whose guidance we wish to rely.

The job of Government and non-profit cooperating trade groups is to open up markets, stimulate demand, provide market opportunities, stimulate sales drives, and increase exports of United States agricultural products. They have to ream out the pipe lines and remove the barriers to trade so that trade can flow. These are jobs which neither the Government nor the Cooperators can do alone, but working together they can accomplish much. Cooperator organizations vary widely in their size, natural resources, and method of operation. No two are exactly alike just as no two commodities are exactly alike. They cannot be treated exactly alike. The market opportunities and problems of different commodities necessarily must have different treatment. Some commodities have been in foreign markets for many years and their principle competition is in the form of substitutes such as competition which cotton is experiencing from synthetics. Other commodities have problems of market access, because of trade barriers which have been erected, merely because they are competitive. Other commodities are relatively new to foreign markets and need specialized introductory type programs. Others are faced with subsidized competition and need programs to make them competitive. Much effective market development work also can and should be carried out in less developed areas which are not commercial markets now but will be as their economies develop. So the extent, character and type of market development programs which are to be carried out must provide for broad flexibility. It would be a great mistake to attempt to standardize market development programs or to take any action which would restrict imagination, destroy initiative, or eliminate trial and error in coping with the many changing and difficult conditions confronting United States agricultural products in world markets.

Mr. Chairman, I hope that our brief review and report will be helpful to the Subcommittee in its review of this vital program. We are intensely interested in it and desire that it be carried out in a way which will meet the expectations and hopes of the Congress in enacting and extending the legislation which made it possible.

On behalf of all of the cooperators represented, I desire to thank the Subcommittee for hearing us at this time and to request your continued support for this program which is so important to the long-term future of American agriculture.





LEGISLATIVE HISTORY  
Public Law 90-436  
S. 2986

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## INDEX AND SUMMARY OF S. 2986

- Feb. 19, 1968 Sen. Ellender introduced and discussed S. 2986 which was referred to Senate Agriculture and Forestry Committee. Print of bill and remarks of author.
- Mar. 25, 1968 Rep. Poage introduced H. R. 16165 which was referred to House Agriculture Committee. Print of bill as introduced.
- Mar. 26, 1968 Senate committee voted to report S. 2986.  
House committee voted to report H. R. 16165.
- Mar. 29, 1968 Senate committee reported S. 2986 with amendments. S. Rept. 1066. Print of bill and report.
- Apr. 1, 1968 Digest of S. 2986 as reported by Senate Committee.
- Apr. 3, 1968 Senate passed S. 2986 as reported.  
Both Houses received President's message on Food for Freedom. House Doc. 296. Print of document as printed in Congressional Record.
- Apr. 4, 1968 S. 2986 was referred to House Agriculture Committee. Print of S. 2986 as referred.
- Apr. 23, 1968 House committee reported H. R. 16165 without amendment. House Report 1297. Print of bill and report.
- Apr. 26, 1968 Digest of H. R. 16165 as reported by House committee.
- May 7, 1968 Rules Committee reported as resolution for consideration of H. R. 16165. H. Res. 1163. H. Rept. 1361. Print of resolution and report.
- May 14, 1968 House passed S. 2986 with amendment to insert language of H. R. 16165. H. R. 16165 was indefinitely postponed.
- May 15, 1968 House perfected title of S. 2986.
- June 21, 1968 Senate appointed conferees on S. 2986.
- June 27, 1968 House appointed conferees on S. 2986.
- July 2, 1968 Conferees agreed to file conference report on S. 2986.
- July 3, 1968 House received conference report. H. Rept. 1642. Print of conference report.



July 12, 1968      House agreed to conference report.  
July 15, 1968      Senate agreed to conference report.  
July 29, 1968      Approved: Public Law 90-436

**President's statement when signing.**

Hearings.      House Agriculture Committee on H. R. 15693.  
                    Serial LL.

Senate Agriculture and Forestry Committee  
hearings on S. 2891, S. 2896, and S. 3069.

— 10 —





90TH CONGRESS  
2D SESSION

# S. 2986

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IN THE SENATE OF THE UNITED STATES

FEBRUARY 19, 1968

Mr. ELLENDER introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

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## A BILL

To extend Public Law 480, Eighty-third Congress, for two years, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That section 409 of the Agricultural Trade Development and  
4       Assistance Act of 1954, as amended, is amended by striking  
5       out “December 31, 1968” and inserting in lieu thereof  
6       “December 31, 1970”.

7       SEC. 2. (a) Section 104(h) of such Act is amended  
8       by inserting before the semicolon at the end thereof the  
9       following: “. Not less than 5 per centum of the total sales  
10      proceeds received each year shall, if requested by the foreign

1 country, be used for voluntary programs to control population  
2 growth".

3 (b) Section 109 (a) of such Act is amended by striking  
4 out the word "and" at the end of clauses (7) and (8),  
5 changing the period at the end of such subsection to a  
6 semicolon, and adding the following:

7 "(10) carrying out voluntary programs to control  
8 population growth."

9 SEC. 3. Section 104 (b) (2) of such Act is amended  
10 to read as follows:

11 "(2) finance activities to assist international edu-  
12 cational and cultural exchange and to provide for the  
13 strengthening of the resources of American schools, col-  
14 leges, universities and other public and nonprofit private  
15 educational agencies for international studies and re-  
16 search under the programs authorized by title VI of the  
17 National Defense Education Act, the Mutual Educational  
18 and Cultural Exchange Act of 1961, the International  
19 Education Act of 1966, the Higher Education Act of  
20 1965, the Elementary and Secondary Education Act of  
21 1965, the National Foundation on the Arts and the  
22 Humanities Act of 1965, and the Public Broadcasting  
23 Act of 1967;"



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**A BILL**

To extend Public Law 480, Eighty-third Congress, for two years, and for other purposes.

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By Mr. ELLENDER

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FEbruary 19, 1968

Read twice and referred to the Committee on Agriculture and Forestry

# Senate

MONDAY, FEBRUARY 19, 1968

The Senate met at 12 o'clock meridian, and was called to order by the Acting President pro tempore (Mr. METCALF).

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Our Father: God, who art the hope of all the ends of the earth, help us who grope in the darkness of earth's dim ways to remember that even the shadows themselves are born of light.

For this sacramental moment, closing the doors to a noisy world full of terror and alarm, we enter this pavilion of quietness and peace, to acknowledge our utter dependence upon Thee—Thou who hast made us in Thy image.

Make us tall enough for these testing days. Cast out our pride—national, racial, and personal. Join us to those who labor to bring sense and system to this disordered world; and, grant that our eyes may yet look upon a world that will have found a path leading to the plains of peace, universal and righteous.

In the name of the Prince of Peace, we ask it. Amen.

## THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Friday, February 16, 1968, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

## MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Jones, one of his secretaries.

## EXECUTIVE MESSAGES REFERRED

As in executive session,

The ACTING PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

## WAIVER OF CALL OF THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the call of the legislative calendar, under rule VIII, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

## LIMITATION ON STATEMENTS DURING TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that statements in

relation to the transaction of routine morning business be limited to 3 minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

## BOY SCOUTS OF AMERICA

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 986, Senate Joint Resolution 138.

The ACTING PRESIDENT pro tempore. The joint resolution will be stated by title.

The BILL CLERK. A joint resolution (S.J. Res. 138) calling on the Boy Scouts of America to serve the youth of this Nation as required by their congressional charter.

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution, which had been reported from the Committee on Labor and Public Welfare, with an amendment on page 2, line 4, after the word "America" strike out "to serve" and insert "further to advance its service to"; so as to make the joint resolution read:

S.J. RES. 138

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Congress of the United States calls on the Boy Scouts of America further to advance its service to the youth of this Nation as required by their congressional charter to the end that more boys in every segment of our society will be involved in its program and future generations of Americans will be better prepared with the skill and confidence to master the changing demands of America's future and prepared to give leadership to it.*

Mr. YARBOROUGH. Mr. President, I was pleased to introduce the resolution, Senate Joint Resolution 138, and now request favorable Senate action, calling on the Boy Scouts of America to serve the youth of this Nation as required by their congressional charter.

The great service which this organization has been to this country and its great contribution to the boys of this Nation are well known to all Americans. In 1966 Congress passed a concurrent resolution marking the 50th anniversary of the granting by act of Congress of the charter of the Boy Scouts of America—the first youth organization to be granted such a charter by Congress.

This resolution again expresses the appreciation of Congress for the good work of the Boy Scouts and calls upon them to continue their great service.

This year is a significant one for the Boy Scouts of America, as they have just launched their long-range program for expansion, as expressed by Mr. Edwin H. Gott, a member of the executive board of the Boy Scouts, at the breakfast held

on February 7, 1968, which 200 Members of Congress attended.

I know it is the sentiment of all of us that we wish the Boy Scouts well in their endeavor to bring Scouting to one out of three boys of the Nation and increase their membership by 40 percent in the next 9 years.

The strong support which Congress has given the Boy Scouts is illustrated by the unanimous request by all members of the Committee on Labor and Public Welfare to be added as cosponsors of this measure. I am appreciative of the support which this joint resolution received from the Senate, and I am hopeful that the House of Representatives will give prompt consideration to the passage of this worthy joint resolution.

The amendment was agreed to.

The joint resolution was ordered to be engrossed for a third reading, was read the third time, and passed.

The preamble was agreed to.

## MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the Speaker has affixed his signature to the enrolled bill (S. 1124) to amend the Organic Act of the National Bureau of Standards to authorize a fire research and safety program, and for other purposes.

## EXECUTIVE COMMUNICATIONS, ETC.

The ACTING PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

PROPOSED LEGISLATION CHANGING NAME OF THE ARMY MEDICAL SERVICE TO THE ARMY MEDICAL DEPARTMENT

A letter from the Secretary, Department of the Army, transmitting a draft of proposed legislation to amend title 10, United States Code, to change the name of the Army Medical Service to the Army Medical Department (with an accompanying paper); to the Committee on Armed Services.

REPORT ON DEPARTMENT OF THE NAVY RESEARCH DEVELOPMENT PROCUREMENT ACTIONS

A letter from the Deputy Chief of Naval Material (Procurement and Production), Department of the Navy, transmitting, pursuant to law, a report of research and development procurement actions of \$50,000 and over, for the 6-month period ended December 31, 1967 (with an accompanying report); to the Committee on Armed Services.

PUBLICATION OF FEDERAL POWER COMMISSION

A letter from the Chairman, Federal Power Commission, Washington, D.C., transmitting, for the information of the Senate, a publication entitled "World Power Data, 1965" (with an accompanying document), to the Committee on Commerce.

## REPORT OF ACTING SECRETARY, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

A letter from the Acting Secretary, Department of Health, Education, and Welfare, transmitting, pursuant to law, a report on the advisory committees which assisted him in carrying out any of his functions under the Social Security Act, for the calendar year ended December 31, 1967 (with an accompanying report); to the Committee on Finance.

## REPORT OF NASA ON DISPOSAL OF CERTAIN FOREIGN EXCESS PROPERTY

A letter from the Administrator, National Aeronautics and Space Administration, reporting, pursuant to law, on the disposal of certain foreign excess property; to the Committee on Government Operations.

## ANNUAL REPORT OF OFFICE OF COAL RESEARCH

A letter from the Secretary of the Interior, transmitting, pursuant to law, the 1968 annual report of the Office of Coal Research (OCR) describing contract research performed during calendar year 1967 (with an accompanying report); to the Committee on Interior and Insular Affairs.

## THIRD PREFERENCE AND SIXTH PREFERENCE CLASSIFICATION FOR CERTAIN ALIENS

A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, reports relating to third preference and sixth preference classification for certain aliens (with accompanying papers); to the Committee on the Judiciary.

## REPORT OF NATIONAL ACADEMY OF SCIENCES

A letter from the President, National Academy of Sciences, Washington, D.C., transmitting, pursuant to law, a report of that Academy, for the fiscal year ended June 30, 1966 (with an accompanying report); to the Committee on Labor and Public Welfare, and ordered to be printed.

## REPORT ON POSITIONS IN GRADES GS-16, GS-17, AND GS-18

A letter from the Assistant Secretary of Defense, transmitting, pursuant to law, a report on positions in grades GS-16, GS-17, and GS-18, for the calendar year 1967 (with an accompanying report); to the Committee on Post Office and Civil Service.

## REPORT OF A COMMITTEE—REPORT ENTITLED "THE MIGRATORY FARM LABOR PROBLEM IN THE UNITED STATES"—INDIVIDUAL VIEWS (S. REPT. NO. 1006)

Mr. LONG of Louisiana. Mr. President, on behalf of the Senator from New Jersey [Mr. WILLIAMS], I submit a report entitled "The Migratory Farm Labor Problem in the United States," and ask unanimous consent that it be printed, together with the individual views of Senators MURPHY and FANNIN.

The ACTING PRESIDENT pro tempore. Without objection, the report will be received and printed, as requested by the Senator from Louisiana.

## BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. DIRKSEN:

S. 2985. A bill to amend chapter 34 of title 38, United States Code, in order to make widows of veterans of World War II, the Korean conflict, and the Vietnam era eligible for educational assistance under such chapter; to the Committee on Labor and Public Welfare.

By Mr. ELLENDER:

S. 2986. A bill to extend Public Law 480, 83d Congress, for 2 years, and for other purposes; to the Committee on Agriculture and Forestry.

(See the remarks of Mr. ELLENDER when he introduced the above bill, which appear under a separate heading.)

By Mr. CARLSON:

S. 2987. A bill for the relief of Zafar H. Israeli; to the Committee on the Judiciary.

By Mr. EASTLAND (for himself, Mr.

BIBLE, Mr. BYRD of West Virginia, Mr. COTTON, Mr. DIRKSEN, Mr. DODD, Mr. FANNIN, Mr. HICKENLOOPER, Mr. HOLLAND, Mr. HOLLINGS, Mr. HRUSKA, Mr. JORDAN of Idaho, Mr. LAUSCHE, Mr. MUNDT, Mr. MURPHY, Mr. SMATHERS, Mr. STENNIS, Mr. TALMADGE, Mr. BENNETT, and Mr. THURMOND):

S. 2988. A bill to strengthen the internal security of the United States; to the Committee on the Judiciary.

(See the remarks of Mr. EASTLAND when he introduced the above bill, which appear under a separate heading.)

By Mr. HILL:

S. 2989. A bill to amend the Community Mental Health Centers Act to make provision for specialized facilities for alcoholics and narcotic addicts, and for other purposes; and

S. 2990. A bill to amend the Federal Food, Drug, and Cosmetic Act by increasing the penalties for illegal manufacture and traffic in hallucinogenic drugs (including LSD) and other depressant and stimulant drugs, including possession of such drugs for sale or other disposal to another, and by making it a misdemeanor to possess any such drug for one's own use except when prescribed or furnished by a licensed practitioner, and for other purposes; to the Committee on Labor and Public Welfare.

By Mr. INOUYE:

S. 2991. A bill to authorize the Secretary of the Navy, under certain circumstances, to transfer or assign to the Standby Reserve persons who have been classified as key Federal employees; to the Committee on Armed Services.

## S. 2986—INTRODUCTION OF BILL TO EXTEND PUBLIC LAW 480 FOR 2 YEARS—NOTICE OF HEARINGS

Mr. ELLENDER. Mr. President, I introduce, for appropriate reference, a bill which would extend Public Law 480, 83d Congress, 2 years, encourage greater use of funds for population control, and broaden the clause authorizing the use of foreign currencies for educational activities.

The first section extends Public Law 480 for 2 years.

Section 2 deals with population control programs. At present, section 103(a) of the act requires the President to take the foreign country's efforts to control population growth into account in administering the act; section 104(h) provides for the use of foreign currencies to finance programs related to population growth; and section 109 of the act requires the President to consider the extent to which the foreign country is undertaking self-help measures to increase per capita production.

Section 2(a) of the bill would require at least 5 percent of total sales proceeds to be made available for voluntary population control programs, if requested by the foreign country. More could, of course, be made available if the United States and the foreign country saw fit.

Section 2(b) of the bill would specifically include "carrying out voluntary programs to control population growth" among the self-help measures to increase per capita production to be considered by the President under section 109(a) of the act before entering into an agreement.

Section 3 of the bill broadens section 104(b)(2) of the act, which deals with cultural and educational exchanges. Section 104(b)(2) is now limited to activities under programs authorized by the Mutual Educational and Cultural Exchange Act of 1961. Section 3 of the bill would extend it to any activities which would either assist such exchanges, or provide for strengthening educational agencies for international studies and research under the Mutual Educational and Cultural Exchange Act of 1961, and a number of additional listed acts.

I also want to announce again that public hearings on the extension of Public Law 480 have been scheduled for March 13, 14, and 15. All interested parties are invited to attend.

The ACTING PRESIDENT pro tempore. The bill will be received and appropriately referred.

The bill (S. 2986) to extend Public Law 480, 83d Congress, for 2 years, and for other purposes, introduced by Mr. ELLENDER, was received, read twice by its title, and referred to the Committee on Agriculture and Forestry.

## PRESIDENT JOHNSON'S PRESS CONFERENCE

Mr. MANSFIELD. Mr. President, on Friday last, the President of the United States called an impromptu press conference at which he made several announcements, one of them dealing with the resignation of Secretary of Commerce Alexander Trowbridge. This resignation I greatly deplore, because, in my opinion, Alexander Trowbridge has been an outstanding Secretary of Commerce. His departure will be deeply felt, and his shoes will be hard to fill.

The President also answered some questions of great and immediate import. These questions had to do with the present status of the AID program, the status of Gen. William Westmoreland, the use of nuclear weapons in Vietnam, the prospects of negotiations with Hanoi, the coming visit of U Thant, relations with South Korea, and the status of our forces in Vietnam.

The President has taken a most praiseworthy initiative in answering questions which are of immediate significance and importance to the American people and to Congress which represents it as a whole. There should be no question now as to the high degree of confidence which the President places in General Westmoreland; there should be no question now as to the President's forthright statement on the possible use of nuclear weapons in which he states that "no recommendation has been made to me" about their use, and also his statement that—

The President must make the decision to deploy nuclear weapons. It is one of the most awesome and grave decisions any President could be called upon to make.





90TH CONGRESS  
2D SESSION

# H. R. 16165

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 25, 1968

Mr. POAGE introduced the following bill; which was referred to the Committee on Agriculture

---

## A BILL

To extend the Agricultural Trade Development and Assistance Act of 1954, as amended, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That section 103 (b) of the Agricultural Trade Develop-  
4       ment and Assistance Act of 1954, as amended, is amended  
5       by striking out the proviso at the end thereof and substitut-  
6       ing the following: “: *Provided*, That, except where he  
7       determines that it would be inconsistent with the objectives  
8       of the Act, the President shall determine the amount of  
9       foreign currencies needed for the uses specified in subsections  
10      (a), (b), (c), (e), and (h) of section 104, and the  
11      agreements for such credit sales shall provide for payment of

1 such amounts in dollars or in foreign currencies upon delivery  
2 of the agricultural commodities. Such payment may be con-  
3 sidered as an advance payment of the earliest installments."

4 SEC. 2. Such Act is further amended by deleting the  
5 period at the end of subsection (n) of section 103 and insert-  
6 ing in lieu thereof a semicolon and adding new subsections  
7 (o), (p), and (q) to section 103 as follows:

8 " (o) Take steps to assure that the United States obtains  
9 a fair share of any increase in commercial purchases of agri-  
10 cultural commodities by the purchasing country;

11 " (p) Assure convertibility at such uniformly applied  
12 exchange rates as shall be agreed upon of up to 50 per centum  
13 of the foreign currencies received pursuant to each agreement  
14 by sale to United States or purchasing country contractors for  
15 payment of wages earned in the development and consumina-  
16 tion of works of public improvement in the purchasing coun-  
17 try; and

18 " (q) Assure convertibility of up to 50 per centum of the  
19 foreign currencies received pursuant to each agreement by  
20 sale to United States importers for the procurement of mate-  
21 rials or commodities in the purchasing country."

22 SEC. 3. Section 104 is amended by deleting the word  
23 "and" at the end of subsection (i) and deleting the colon  
24 after subsection (j) and inserting in lieu thereof ";" and",  
25 and adding the following new subparagraph (k) :

1       “(k) for paying, to the maximum extent practicable,  
2       the costs of carrying out programs for the control of  
3       rodents, insects, weeds, and other animal or plant  
4       pests:”

5       SEC. 4. Section 303 of the Act is amended by striking  
6       out the entire section and substituting the following:

7       “SEC. 303. The Secretary shall, whenever he determines  
8       that such action is in the best interest of the United States,  
9       and to the maximum extent practicable, sell or exchange  
10      agricultural commodities owned by the Commodity Credit

11      Corporation for services, materials, goods, or equipment  
12      required in connection with foreign economic and military  
13      aid and assistance programs or required in substantial quan-

14      tities for United States Government offshore programs. He  
15      is hereby directed to use every practicable means, in coopera-

16      tion with other Government agencies, to arrange and make,  
17      through private channels, such sales or exchanges or to utilize  
18      the authority conferred on him by section 4 (h) of the Com-

19      modity Credit Corporation Charter Act, as amended, to make  
20      such sales or exchanges. In carrying out sales or exchanges  
21      authorized by this section, no restrictions shall be placed on

22      the countries of the free world into which surplus agricul-  
23      tural commodities may be sold, except to the extent that the  
24      Secretary shall find necessary in order to take reasonable pre-  
25      cautions to safeguard usual marketings of the United States

1 and to assure that sales or exchanges under this Act will not  
2 unduly disrupt world prices of agricultural commodities or  
3 replace cash sales for dollars. The Secretary shall endeavor to  
4 cooperate with other exporting countries in preserving nor-  
5 mal patterns of commercial trade with respect to commod-  
6 ities covered by formal multilateral international marketing  
7 agreements to which the United States is a party. Agencies  
8 of the United States Government procuring such services,  
9 materials, goods, or equipment are hereby directed to cooper-  
10 ate with the Secretary in the disposal of agricultural commod-  
11 ities by means of sales or exchange. The Secretary is also  
12 directed to assist, through such means as are available to him,  
13 farmers' cooperatives in effecting exchange of agricultural  
14 commodities in their possession for the above purposes."

15 SEC. 5. Section 407 of the Act is amended by striking  
16 out the entire section and substituting the following:

17 "SEC. 407. There is hereby established an Advisory  
18 Committee composed of the Secretary of State, the Secre-  
19 tary of the Treasury, the Secretary of Agriculture, the Di-  
20 rector of the Bureau of the Budget, the Administrator of  
21 the Agency for International Development, the chairman  
22 and the ranking minority member of both the House Com-  
23 mittee on Agriculture and the House Committee on Foreign  
24 Affairs, and the chairman and the ranking minority member  
25 of both the Senate Committee on Agriculture and Forestry

1 and the Senate Committee on Foreign Relations. The Ad-  
2 visory Committee shall survey the general policies relating to  
3 the administration of the Act, including the manner of imple-  
4 menting the self-help provisions, the uses to be made of  
5 foreign currencies which accrue in connection with sales for  
6 foreign currencies under title I, the amount of currencies  
7 to be reserved in sales agreements for loans to private in-  
8 dustry under section 104(e), rates of exchange, interest  
9 rates, and the terms under which dollar credit sales are made,  
10 and shall advise the President with respect thereto. The  
11 Advisory Committee shall meet not less than once during  
12 each calendar quarter at the call of the Acting Chairman of  
13 such Committee who shall preside during each quarter in the  
14 following order: The chairman of the House Committee on  
15 Agriculture, the chairman of the Senate Committee on  
16 Foreign Relations, the chairman of the Senate Committee on  
17 Agriculture and Forestry, and the chairman of the House  
18 Committee on Foreign Affairs."

19 SEC. 6. Section 409 is amended by striking out "De-  
20 cember 31, 1968" and substituting "December 31, 1969."

**A BILL**

To extend the Agricultural Trade Development and Assistance Act of 1954, as amended, and for other purposes.

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---

By Mr. POAGE

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MARCH 25, 1968

Referred to the Committee on Agriculture





# **DIGEST of Congressional Proceedings**

## OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE  
WASHINGTON, D. C.  
OFFICIAL BUSINESS

POSTAGE AND FEES PAID  
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
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(NOT TO BE QUOTED OR CITED)

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Wildlife	43

**HIGHLIGHTS:** Senate debated Hollings amendment to control textile imports. Senate debated Williams-Smathers-Lausche amendment to reduce Federal expenditures. Senate committee voted to report bills to extend Public Law 480, extend and expand food service programs for children (including breakfast program), and prohibit certain cotton imports. House committee voted to report food-for-peace and Kerr Memorial Arboretum bills. House Rules Committee cleared per-diem travel bill.

### SENATE

1. **TAXATION.** Continued debate on H. R. 15414, the tax adjustment bill (pp. S3315-92). Agreed to, 51-32, a committee amendment to provide that interest on industrial development bonds, which has been excluded from gross income as interest on a State or local government bond, is to continue to be exempt from income tax unless otherwise provided by some future law (pp. S3315-39). Debated the Williams-Smathers-Lausche amendment to reduce Federal expenditures and provide

a surtax on income (pp. S3340-92). Debated an amendment to this amendment, by Sen. Hollings, to restrict textile imports (pp. S3370-78, S3380-90). Rejected, 33-59, an amendment by Sen. Long, La. (to the Williams-Smathers-Lausche amendment) to eliminate provisions that would provide several limitations on expenditures (p. S3359). Rejected, 35-52, an amendment by Sen. Proxmire (to the Williams-Smathers-Lausche amendment) to strike out the surtax provisions but retain the expenditure-limitation provisions (pp. S3359-69). Sen. Javits presented and discussed an amendment (for himself and Sens. Jordan of Idaho, Miller, and Percy) to establish a Commission on Federal Budget Priorities and Expenditure Policy (pp. S3378-80).

2. PUBLIC LAW 480; ~~SCHOOL LUNCHES: COTTON IMPORTS: LAND TRANSFER~~. The Agriculture and Forestry Committee voted to report with amendments (but did not actually report) S. 2986, to extend Public Law 480 for 3 years; H. R. 15398, to extend and expand food service programs for school children with an amendment to extend the school breakfast program for 2 years; S. 1975, to prohibit importation of extra-long-staple cotton received from countries which have severed diplomatic relations with the U. S.; and H. R. 11527, to convey certain lands to the University of Maine. p. D247
3. RECLAMATION. Passed without amendment S. 3033, to increase the authorizations for continuing work on the Missouri Basin reclamation project. pp. S3295-6
4. WEATHER. The Commerce Committee reported without amendment S. Con. Res. 67, favoring U. S. cooperation in the world weather research and service program (S. Rept. 1020). pp. S3300-1
5. AGRICULTURAL EXPORTS. Sen. Percy stated "it is vital to our Nation's farmers and to the Nation...to preserve" the "surplus in agricultural exports," and inserted an article on the subject. pp. S3314-5
6. ELECTRIFICATION. Received from the Rural Electrification Administration "information of approval of a loan to the N. W. Electric Power Cooperative, Inc. of Cameron, Mo., for the financing of certain transmission facilities." p. S3298  
Received from the Federal Power Commission a copy of two publications, "All Electric Homes, Annual Bills, 1967," and "Federal and State Commission Jurisdiction and Regulation of Electric, Gas, and Telephone Utilities, 1967." p. S3298
7. CREDIT UNIONS. Received from HEW a proposed bill "to amend the Federal Credit Union Act"; to Banking and Currency Committee. p. S3298
8. PURCHASING. Received a GAO report on "substantial savings available through use of formal advertising procedures in contracting for light bulbs and tubes, General Services Administration." p. S3298
9. VOCATIONAL REHABILITATION. Received from HEW a proposed bill to amend the Vocational Rehabilitation Act to extend the authorization of grants to States for rehabilitation services to broaden the scope of goods and services available under that act for the handicapped; to Labor and Public Welfare Committee. p. S3298

*House*

- 3 -

*March 26, 1968*

10. PUBLIC LANDS. Received a Colo. Legislature resolution urging the Congress and the President "to take action necessary to transfer ownership and administration of vacant and unreserved public domain lands to the various States." p. S3299
11. TRAVEL. Sen. Hayden inserted the reports of various committees in connection with expenditure of foreign currencies and appropriated funds for foreign travel. pp. S3304-14
- HOUSE
12. PUBLIC LAW 480. The Agriculture Committee voted to report (but did not actually report) H. R. 16165, to extend the food-for-peace program. p. D249
13. TRAVEL. The Rules Committee reported a resolution for the consideration of H. R. 13738, to increase the maximum rate of per diem allowance for Government employees traveling on official business. p. H2260
14. RESEARCH. The Rules Committee reported a resolution for the consideration of H. R. 15856, the NASA authorization bill, to authorize appropriations to the National Aeronautics and Space Administration for the fiscal year 1969 for research and development, construction of facilities, and administrative operations (p. H2260). The bill contains items for research, including that conducted in cooperation with this Department on earth resources satellites providing information on agriculture and forestry through remote sensing devices, including identification and analysis of crop species, soil types, crop conditions, environmental conditions, tree identification, forest density, forest conditions, etc.
15. FORESTS. The Agriculture Committee voted to report (but did not actually report) H. R. 15822, to provide for the establishment of the Robert S. Kerr Memorial Arboretum and Nature Center in the Ouachita National Forest, Okla. p. D249
16. FARM LABOR. The Education and Labor Committee voted to report (but did not actually report) H. R. 16014, to include certain agricultural workers under the National Labor Relations Act. p. D249
17. RECLAMATION. The Interior and Insular Affairs Committee voted to report (but did not actually report) H. R. 3300, to authorize the construction, operation, and maintenance of the Colorado River Basin project. p. D249
18. HOLIDAYS. The Judiciary Committee voted to report (but did not actually report) H. R. 15951, to provide for uniform annual observances of certain legal public holidays on Mondays. p. D250
19. MARINE RESOURCES. A subcommittee of the Merchant Marine and Fisheries Committee approved for full committee action H. R. 13781, to amend the Marine Resources and Engineering Development Act to continue the sea-grant college program. p. D250
20. DEMONSTRATION. Rep. Poage expressed concern because a "minority" of the crowd gathered to hear Secretary Freeman speak at the University of Wisconsin prevented him from completing his address and commended those who apologized and the Secretary for "ably handling" the situation. p. H2215

21. POVERTY. Rep. Ryan urged support of his bill to provide a supplemental appropriation for OEO, increasing the 1968 fiscal year appropriation by \$207 million. p. H2249
22. TRUST TERRITORY. Rep. Mink urged passage of H. R. 16183, to provide for a government for the Trust Territory of the Pacific Islands. pp. H2250-2
23. EXPENDITURES. Rep. Bolton inserted an editorial favoring the model cities and poverty programs in preference to the supersonic-plane and space programs. pp. H2248-9
24. TAXATION. Rep. Reuss inserted tables to support his request for tax reform. pp. H2257-8

EXTENSION OF REMARKS

25. EMPLOYMENT. Rep. Curtis urged analysis of the consequences of minimum wage increases and inserted a Yale economics professor's speech on the subject. pp. E2247-51
26. FAMILY FARMS. Sen. Metcalf commended and inserted a speech by Sen. McGovern "Hidden Enemies of the Family Farm," dealing with corporate and tax aspects of farm problems. pp. E2251-2
27. INDIAN AFFAIRS. Sen. Moss inserted excerpts from a speech by the cochairman of the Four Corners Commission which commends the President's recent message on Indian affairs and lists means by which an approach to solving the Indian problems can be made. pp. E2262-3
28. RURAL DEVELOPMENT. Sen. Pearson inserted an address by the National Rural Electric Cooperative Association general manager discussing REA co-ops' role in economic development of rural America. pp. E2265-7  
Rep. Zwach urged action on passage of his proposed bill to create a Countryside Development Commission. pp. E2282-3
29. INFLATION. Rep. Curtis expressed the opinion that inflation is the farmer's greatest problem and commended and inserted an article on this subject. pp. E2263
30. SPENDING. Rep. Fannin inserted an article, "Economy: Great Society Style", and stated that many instances "point up the doubts that many of us in this body have about the sincerity of the present administration's promises to cut spending." pp. E2267-8
31. RURAL LOANS. Rep. Hamilton inserted an article, "Hamilton Joins Protest: Loans to Rural Areas for Water, Sewers End", critical of a recent Treasury Dept. action which "brings to a halt a Federal loan program to assist rural communities to finance water and sewer systems." p. E2279
32. POVERTY. Rep. Ryan urged passage of H. R. 16180, to authorize OEO appropriations and inserted the text of an advertisement which "describes the catastrophic effect of the cutback on Mississippi Headstart children." pp. E2285-6
33. PESTICIDES. Rep. Podell called for the appointment of a Presidential Commission "with full power and authority to study and report upon research plans and





# DIGEST of Congressional Proceedings

## OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE  
WASHINGTON, D.C. 20250  
OFFICIAL BUSINESS

POSTAGE AND FEES PAID  
U.S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
FOR INFORMATION ONLY;  
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Issued April 1, 1968  
For actions of March 29, 1968  
90th-2nd; No. 53

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HIGHLIGHTS: Senate committee reported bills to extend Public Law 480, extend and expand food service programs for children (including breakfast program), and prohibit certain cotton imports. Senate rejected amendments to tax bill to impose dairy import quotas, to set up commission to study budget priorities and procedures, and to exempt certain programs from proposed spending cutback.

### SENATE

1. TAXATION; EXPENDITURES. Continued debate on H. R. 15414, the tax adjustment bill (pp. S3610-12; S3615-57; S3660-1, S3663). Agreed to an amendment by Sen. Javits to require the President to submit to the Congress proposals for a comprehensive tax reform (pp. S3610-11, S3616-17). Rejected, 37-38, an amendment by Sen. McGovern to limit dairy imports to the average of the 5-year period 1961 through 1965 (pp. S3643-56). Rejected, 36-40, an amendment by Sen. Javits

to set up a Commission on Federal Budget Priorities and Expenditure Policies (pp. S3640-43). Rejected, 22-55, an amendment by Sen. Javits to exempt certain programs from the proposed spending cutback including education, low-income housing, water and air pollution control, and the war on poverty (pp. S3618-26, S3638-40). Rejected, 17-62, an amendment by Sen. Clark (Pa.) that "insofar as practicable" expenditure reductions be from military, space, and Dept. of Defense programs (pp. S3626-38).

2. PUBLIC LAW 480. The Agriculture and Forestry Committee reported with amendments S. 2986, to extend Public Law 480 for 2 years (S. Rept. 1066). p. S3601
3. FOOD SERVICE. The Agriculture and Forestry Committee reported with amendments H. R. 15398, to amend the National School Lunch Act to strengthen and expand food service programs for children (S. Rept. 1067). p. S3601
4. LAND TRANSFER. The Agriculture and Forestry Committee reported with amendment H. R. 11527, to release conditions in a deed conveying certain lands to the University of Maine and <sup>permit</sup> the university, subject to certain conditions, to dispose of such lands (S. Rept. 1068). p. S3601
5. COTTON IMPORTS. The Agriculture and Forestry Committee reported with amendments S. 1975, to prohibit importation of extra-long-staple cotton from countries which have severed diplomatic relations with the U. S. (S. Rept. 1069). p. S3601
6. CONSERVATION. The Agriculture and Forestry Committee reported with amendments S. 1401, to provide that receipts from mineral leases on offshore lands be deposited in the land and water conservation fund (S. Rept. 1071). p. S3601
7. ADJOURNED until Mon., Apr. 1. p. S3663

EXTENSION OF REMARKS

8. LANDS; NATURAL RESOURCES. Sen. Allott inserted Sen. Jordan's address on a possible approach "to strike the proper balance to fit the needs of the greatest public interest in managing and utilizing our great national treasure of land and its related resources." pp. E2453-4
9. FARM PROGRAM. Sen. Harris defended the administration's farm program and stated the time has come "to set the record straight" and inserted this Department's letter "which sets forth the fallacy of employing parity levels as the sole measurement of agricultural economic health." pp. E2463-4

BILL INTRODUCED

10. ATOMIC ENERGY. S. 3262 by Sen. Anderson, to authorize appropriations to the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended; to Atomic Energy Joint Committee.

0

COMMITTEE HEARINGS APR. 1:

Food-for-peace program and crop insurance bill, H. Agriculture (exec); Agricultural appropriations, H. Appropriations (exec.) and S. Appropriations; Housing bill, H. Banking and Currency; Foreign aid authorization, H. Foreign Affairs (exec).

# Calendar No. 1048

90TH CONGRESS  
2d Session }

SENATE

{

REPORT  
No. 1066

## EXTENSION OF PUBLIC LAW 480, 83d CONGRESS

MARCH 29 (legislative day, MARCH 27), 1968.—Ordered to be printed

Mr. ELLENDER, from the Committee on Agriculture and Forestry,  
submitted the following

### REPORT

[To accompany S. 2986]

The Committee on Agriculture and Forestry, to which was referred the bill (S. 2986) to extend Public Law 480, 83d Congress, for 2 years, and for other purposes, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

#### SHORT EXPLANATION

This bill, with the committee amendments, would—

- (1) Extend Public Law 480, 83d Congress, 3 years;
- (2) Encourage greater use of local currency funds for population control; and
- (3) Broaden the clause authorizing the use of foreign currencies for educational activities.

#### SECTION-BY-SECTION EXPLANATION

##### SECTION 1. EXTENSION

The first section extends Public Law 480 for 3 years.

##### SECTION 2. POPULATION CONTROL PROGRAMS

At present, section 103(a) of the act requires the President to take the foreign country's efforts to control population growth into account in administering the act; section 104(h) provides for the use of foreign currencies to finance programs related to population growth; and section 109 of the act requires the President to consider the extent to which the foreign country is undertaking self-help measures to increase per capita production.

Section 2(a) of the bill would require at least 5 percent of total sales proceeds to be made available for voluntary population control programs, if requested by the foreign country. More could, of course, be made available if the United States and the foreign country saw fit.

Section 2(b) of the bill would specifically include "carrying out voluntary programs to control population growth" among the self-help measures to increase per capita production to be considered by the President under section 109(a) of the act before entering into an agreement.

### SECTION 3. EDUCATIONAL ACTIVITIES

Section 3 of the bill broadens section 104(b)(2) of the act, which deals with cultural and educational exchanges. Section 104(b)(2) is now limited to activities under programs authorized by the Mutual Educational and Cultural Act of 1961. Section 3 of the bill would extend it to any activities which would either assist such exchanges, or provide for strengthening educational agencies for international studies and research under the Mutual Educational and Cultural Exchange Act of 1961, and a number of additional listed acts.

In addition, section 3 requires that at least 2 percent of the total sales proceeds received each year in each country be used to finance these educational activities.

### COMMITTEE CONSIDERATION

The committee held hearings on March 13, 14, and 15 on all of the bills before it on this matter—S. 2891, S. 2986, and S. 3069; and heard all witnesses who desired to be heard. S. 2891 and S. 3069 were simple 3-year extensions of Public Law 480. S. 2986, as introduced, provided for a 2-year extension of Public Law 480 and contained provisions emphasizing the need for population control and mutual educational and cultural exchange activities. The hearings showed that the program has been successful and there was little sentiment for any substantial change in it. Suggested changes were minor and were fully considered by the committee.

In addition to matters raised at the hearings, the committee gave some consideration to the question of port charges on title II shipments. It was advised that in the case of food donated under title II of Public Law 480 for distribution to needy people abroad, through American voluntary agencies and directly to governments for emergency relief and child feeding programs, the United States pays the ocean shipping costs. The United States has been paying normal shipping billings in which certain port charges have been hidden in the billing. In some cases the recipient governments were obligated to pay these port charges but it has not been possible to identify these charges and they have not been paying them. The Agency for International Development now proposes to negotiate with the 16 major recipient countries a flat 10-percent payment of the total shipping charges which represents the average part of the ocean freight billing attributable to port charges. The committee felt that this proposal should be pursued assiduously.

Another matter brought to the committee's attention other than through the hearings was a suggestion by Senator Williams of Delaware for the inclusion of a provision somewhat similar to section 9 of S. 2902.

This would provide for the sale of surplus foreign currencies to U.S. tourists at a discount. It would be available only if the tourist confined his travel to countries where the United States had surplus foreign currencies, plus the travel necessary to reach such countries. The purpose of this provision would be to alleviate the balance-of-payments problem without restricting our citizens' traditional right to travel freely. The committee felt that the administrators of the program should make every effort to achieve this objective. They have the authority now to do so, and no further authority is needed. The committee considered a mandatory direction to the administrators on this point, but realizing the difficulties involved in obtaining the host country's approval, possible effects on the host country's currency, and other problems involved in it, the committee decided not to make it a mandatory requirement. While not mandatory, it should be an objective of the program administrators.

### GENERAL BACKGROUND

Public Law 480, 83d Congress, was enacted in 1954 as the Agricultural Trade Development and Assistance Act of 1954. Its purpose was to use agricultural commodities which were surplus to our needs to provide aid to friendly countries, promote trade, and advance our foreign policy interests. It has been amended and extended many times through the years. In 1966 it was substantially revised by the Food-for-Peace Act of 1966. At that time our stocks of agricultural commodities were greatly reduced, and it was recognized that the program was no longer being used as a means of disposing usefully of surplus commodities but was still needed as a means of helping other countries.

Public Law 480 consists of four titles.

Title I provides for the sale of agricultural commodities for foreign currencies or on credit for dollars. Foreign currencies derived from such sales are used for economic and other aid to the host country, U.S. costs in the host country, and other purposes agreed upon by the two countries. Where sales are for dollars on long-term credit, the purchaser is able to sell the commodities and use the money received for economic development within the country pending payment to the United States.

Title II provides for donations of agricultural commodities to meet urgent relief requirements, combat malnutrition, or promote economic development.

Title III provides for barter.

Title IV contains definitions and general provisions.

### HISTORICAL INFORMATION

#### TITLE I—FOREIGN CURRENCY AND CREDIT SALES

During the period July 1, 1954, through December 31, 1967, agreements with foreign countries were signed under title I (foreign currency and credit sales), totaling about \$18 billion at estimated Commodity Credit Corporation cost. The estimated market value of the agricultural commodities amounted to \$12.4 billion.

These agreements called for shipment of about 4.1 billion bushels of wheat and wheat flour equivalent, 756.8 million bushels of feed

grains, 143 million hundredweight of rice, 12.3 million bales of cotton, 886.6 million pounds of dairy products, 10.1 billion pounds of fats and oils, 39.5 million pounds of poultry, 139.4 million pounds of meat, about 193.7 million pounds of fruits and vegetables, and about 2.1 million hundredweight of dry edible beans.

Currencies generated from the sale of these agricultural commodities are deposited to the account of the U.S. Treasury in the country of purchase with the exceptions of some portions which are required to be converted to foreign exchange for certain uses. These currencies may be expended only in the countries to which the commodities are sold. Section 104 of the law authorizes the various uses for which the currencies may be utilized and the sales agreements specify the particular uses for which currencies accruing under each agreement are to be available. Under the agreements signed since its inception through December 31, 1967, 10.4 percent were used for common defense, 14.9 percent for grants for economic development, 4.9 percent for loans to private enterprise, 46.3 percent for loans to foreign governments, 0.3 percent for grants for family welfare and purchasing of goods or services for friendly nations, and 23.2 percent for other U.S. uses. Included in the last category are such purposes as payment of U.S. embassy expenses, agricultural market development programs, the educational exchange program, and various other activities sponsored by this country. To this degree the use of Public Law 480 currencies for these purposes reduces the dollar expenditures which would otherwise be necessary and to that extent has a favorable effect on the U.S. balance-of-payments position.

Following in table I showing dollar receipts to the U.S. Government generated under title I of Public Law 480.

TABLE 1.—PUBLIC LAW 480: DOLLAR RECEIPTS FROM SALES OF FOREIGN CURRENCIES, HOUSING PAYMENTS, AND LOAN PAYMENTS—INCEPTION OF PROGRAM THROUGH JUNE 30, 1967

[In millions of dollars]

Fiscal year	Foreign currency	Long-term credit	Total
1956	\$9.5	-----	\$9.5
1957	58.5	-----	58.5
1958	71.5	-----	71.5
1959	91.2	-----	91.2
1960	76.0	-----	76.0
1961	102.6	-----	102.6
1962	151.3	-----	151.3
1963	256.3	\$0.1	256.4
1964	220.9	4.7	225.6
1965	212.4	10.8	223.2
1966	150.0	41.1	191.1
1967	174.4	44.8	219.2
Total, 1956-67	1,574.6	101.5	1,676.1
1968 (estimate)	302.0	80.0	382.0

## TITLE II—DONATIONS

Donations of U.S.-produced foods through voluntary relief organizations such as CARE, Church World Service, Catholic Relief Service, Lutheran World Relief, and a host of other organizations since the inception of the program through December 31, 1967, amounted to 12.8 million metric tons valued at \$3.1 billion. This aid has been distributed in about 142 countries of the world, and in fiscal year 1968 was received by about 47 million persons.

Donations of U.S.-produced foods on a government-to-government basis and through the world food program since the inception of the program through December 31, 1967, is valued at \$2.6 billion, Commodity Credit Corporation cost.

Some of the food donated by the United States provided food assistance to victims of various disasters.

In order to promote economic and community development, food is also used as a direct self-help incentive for part payment of wages on projects such as land clearing, construction of schools, roads, dams, irrigation and drainage facilities, reforestation, soil and water conservation, and installation of sanitary facilities. Food is also being provided to farmers and their families while they are bringing new land into production or changing existing land use.

The committee feels that the responsible agencies should intensify current efforts to utilize title II program commodities in voluntary family planning activities. Use for economic development should also be intensified.

In Senate Report 1527 of the 89th Congress on the extension and reorientation of Public Law 480, the Senate Committee on Agriculture and Forestry stressed the need for recipient countries to help themselves. This year the committee reiterates this position and stresses the point that the Federal agencies involved in the administration of Public Law 480 review carefully that report to assure that its directions are fully implemented. In particular, other countries should be called upon to contribute their fair share of assistance to developing countries. Our share of concessional sales and donations should be in proportion to our share of commercial sales.

#### ADMINISTRATION POSITION

The following reports were submitted to the committee by the Department of Agriculture:

DEPARTMENT OF AGRICULTURE,  
OFFICE OF THE SECRETARY,  
*Washington, D.C. February 28, 1968.*

Hon. HUBERT H. HUMPHREY,  
*President of the Senate.*

DEAR MR. PRESIDENT: Transmitted herewith for the consideration of the Congress is a draft bill to extend for 3 years the Food-for-Peace Act of 1966.

This Department recommends enactment of the draft bill.

In his recent foreign aid message to the Congress, the President stated that he would shortly propose an extension of the food-for-freedom program to provide emergency food assistance to stave off disaster while hungry countries build their own food production.

His message on prosperity and progress for the farmer and rural America, sent to Congress February 27, 1968, recommends continuation of the food-for-freedom program for 3 more years --to December 31, 1971.

The Bureau of the Budget advises that enactment of this proposed legislation would be in accord with the President's program.

Sincerely yours,

(S) ORVILLE L. FREEMAN, *Secretary.*

S.R. 1066

DEPARTMENT OF AGRICULTURE,  
Washington, D.C., March 12, 1968.

Hon. ALLEN J. ELLENDER,  
Chairman, Committee on Agriculture and Forestry,  
U.S. Senate.

DEAR MR. CHAIRMAN: This is in reply to your request for a report on S. 2986, a bill to extend Public Law 480, 83d Congress, for 2 years and for other purposes.

We recommend that Public Law 480 be extended for 3 years instead of 2 years. This recommendation would be consistent with the law currently in effect which directs that steps be taken to assure a progressive transition from sales for foreign currencies to sales for dollars at a rate whereby the transition can be completed by December 31, 1971.

This Department recommends passage of S. 3069, which you introduced pursuant to the President's messages on agriculture and foreign aid, rather than S. 2986.

The Bureau of the Budget advises that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

(S) ORVILLE L. FREEMAN.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

\* \* \* \* \*

SEC. 104. Notwithstanding any other provision of law, the President may use or enter into agreements with foreign countries or international organizations to use the foreign currencies, including principal and interest from loan repayments, which accrue in connection with sales for foreign currencies under this title for one or more of the following purposes:

\* \* \* \* \*

(b) For carrying out programs of United States Government agencies to—

(2) [finance international educational and cultural exchange activities under the programs authorized by the Mutual Educational and Cultural Exchange Act of 1961 (22 U.S.C. 2451 et seq.)] finance with not less than 2 per centum of the total sales proceeds received each year in each country activities to assist international educational and cultural exchange and to provide for the strengthening of the resources of American schools, colleges, universities and other public and nonprofit private educational agencies for international studies and research under the programs authorized by title VI of the National Defense Education Act, the Mutual

*Educational and Cultural Exchange Act of 1961, the International Education Act of 1966, the Higher Education Act of 1965, the Elementary and Secondary Education Act of 1965, the National Foundation on the Arts and the Humanities Act of 1965, and the Public Broadcasting Act of 1967;*

\* \* \* \* \*

(h) For financing, at the request of such country, programs emphasizing maternal welfare, child health and nutrition, and activities, where participation is voluntary, related to the problems of population growth, under procedures established by the President through any agency of the United States, or through any local agency which he determines is qualified to administer such activities. *Not less than 5 per centum of the total sales proceeds received each year shall, if requested by the foreign country, be used for voluntary programs to control population growth;*

\* \* \* \* \*

SEC. 109. (a) Before entering into agreements with developing countries for the sale of United States agricultural commodities on whatever terms, the President shall consider the extent to which the recipient country is undertaking wherever practicable self-help measures to increase per capita production and improve the means for storage and distribution of agricultural commodities, including:

(1) devoting land resources to the production of needed food rather than to the production of nonfood crops—especially nonfood crops in world surplus;

(2) development of the agricultural chemical, farm machinery and equipment, transportation and other necessary industries through private enterprise;

(3) training and instructing farmers in agricultural methods and techniques;

(4) constructing adequate storage facilities;

(5) improving marketing and distribution systems;

(6) creating a favorable environment for private enterprise and investment, both domestic and foreign, and utilizing available technical know-how;

(7) establishing and maintaining Government policies to insure adequate incentives to producers; **[and]**

(8) establishing and expanding institutions for adaptive agricultural research; **[and]**

(9) allocating for these purposes sufficient national budgetary and foreign exchange resources (including those supplied by bilateral, multilateral and consortium aid programs) and local currency resources (resulting from loans or grants to recipient governments of the proceeds of local currency sales) **[.]**; *(10) carrying out voluntary programs to control population growth;*

(b) Notwithstanding any other provisions of this Act, in agreements with nations not engaged in armed conflict against Communist forces or against nations with which the United States has no diplomatic relations, not less than 20 per centum of the foreign currencies set aside for purposes other than those in sections 104 (a), (b), (e),

and (j) shall be allocated for the self-help measures set forth in this section.

(c) Each agreement entered into under this title shall describe the program which the recipient country is undertaking to improve its production, storage, and distribution of agricultural commodities; and shall provide for termination of such agreement whenever the President finds that such program is not being adequately developed.

\* \* \* \* \*

SEC. 409. No agreements to finance sales under title I and no programs of assistance under title II shall be entered into after December 31, [1968] 1971.



# Calendar No. 1048

90TH CONGRESS  
2D SESSION

# S. 2986

[Report No. 1066]

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## IN THE SENATE OF THE UNITED STATES

FEBRUARY 19, 1968

Mr. ELLENDER introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

MARCH 29 (legislative day, MARCH 27), 1968

Reported by Mr. ELLENDER, with amendments

[Omit the part struck through and insert the part printed in italic]

---

## A BILL

To extend Public Law 480, Eighty-third Congress, for two years,  
and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That section 409 of the Agricultural Trade Development and  
4       Assistance Act of 1954, as amended, is amended by striking  
5       out "December 31, 1968" and inserting in lieu thereof  
6       "December 31, 1970 1971".

7       SEC. 2. (a) Section 104(h) of such Act is amended  
8       by inserting before the semicolon at the end thereof the  
9       following: ". Not less than 5 per centum of the total sales  
10      proceeds received each year shall, if requested by the foreign

1 country, be used for voluntary programs to control population  
2 growth".

3 (b) Section 109 (a) of such Act is amended by striking  
4 out the word "and" at the end of clauses (7) and (8),  
5 changing the period at the end of such subsection to a  
6 semicolon, and adding the following:

7 "(10) carrying out voluntary programs to control  
8 population growth."

9 SEC. 3. Section 104 (b) (2) of such Act is amended  
10 to read as follows:

11 "(2) finance *with not less than 2 per centum of the*  
12 *total sales proceeds received each year in each country*  
13 *activities to assist international educational and cultural*  
14 *exchange and to provide for the strengthening of the*  
15 *resources of American schools, colleges, universities, and*  
16 *other public and nonprofit private educational agencies*  
17 *for international studies and research under the programs*  
18 *authorized by title VI of the National Defense Educa-*  
19 *tion Act, the Mutual Educational and Cultural Exchange*  
20 *Act of 1961, the International Education Act of 1966,*  
21 *the Higher Education Act of 1965, the Elementary and*  
22 *Secondary Education Act of 1965, the National Foun-*

1 dation on the Arts and the Humanities Act of 1965,  
2 and the Public Broadcasting Act of 1967;"

Amend the title so as to read: "A bill to extend Public Law 480, Eighty-third Congress, for three years, and for other purposes."

90TH CONGRESS  
2D SESSION

**S. 2986**

[Report No. 1066]

**A BILL**

To extend Public Law 480, Eighty-third Congress, for two years, and for other purposes.

By Mr. ELLENDER

February 19, 1968

Read twice and referred to the Committee on Agriculture and Forestry

MARCH 29 (legislative day, March 27), 1968

Reported with amendments





# *DIGEST of Congressional Proceedings*

## OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE  
WASHINGTON, D.C. 20250  
OFFICIAL BUSINESS

POSTAGE AND FEES PAID  
U.S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(FOR INFORMATION ONLY;  
NOT TO BE QUOTED OR CITED)

Issued April 2, 1968  
For actions of April 1, 1968  
90th-2nd; No. 54

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HIGHLIGHT: Senate concurred in House amendment to bill to prohibit unfair trade practices regarding cooperatives.

### SENATE

1. TRADE PRACTICES; COOPERATIVES. Concurred in the House amendment to S. 109, the proposed Agricultural Fair Practices Act of 1967 (pp. S3674-5). This bill will now be sent to the President. The bill prohibits unfair trade practices (such as coercion, discrimination, intimidation, bribery, falsehood, and conspiracy) in agricultural commodities, and declares a producer's right to decide whether to join a cooperative.

2. TAXATION; EXPENDITURES. Continued debate on H. R. 15414, the tax adjustment bill. Sen. Long, La., inserted a summary of the Williams-Smathers substitute amendment. pp. S3704, S3705, S3720-3, S3665-6, S3667-8
3. WEATHER RESEARCH. Agreed to without amendment S. Con. Res. 67, requesting the President to cooperate in the world weather program, including research and a weather watch system. pp. S3675-6
4. FOOT-AND-MOUTH DISEASE. Both Houses received from this Dept. a proposed bill to authorize the Secretary of Agriculture to cooperate with Central America in the prevention, control, and eradication of foot-and-mouth disease or rinderpest; to Senate Agriculture and Forestry and House Agriculture Committees. pp. S3696, H2429
5. BUILDINGS. Both Houses received from GSA "prospectuses of proposed public buildings projects." pp. S3696, H2429
6. WILDERNESS. Both Houses received from the President a communication urging the Congress "to consider making 26 additions to the Nation's wilderness system" (H. Doc. 292); to Interior and Insular Affairs Committees. pp. S3696, H2429
7. FARM BARGAINING. Several Senators were added as cosponsors of S. 2973, the farm bargaining bill. p. S3697
8. AWARDS. Sen. McGovern commended the presentation by the National Farmers Union of awards to Sen. Carlson and Ovid A. Martin, of the Associated Press, "for distinguished service to agriculture" pp. S3700-1, S3703-4
9. PUBLIC LAW 480. As reported (see Digest 53), S. 2986 extends the Agricultural Trade Development and Assistance Act for 3 years (through Dec. 1971), requires at least 5% of total sales proceeds to be made available for voluntary population control programs if requested by the foreign country, specifically include "carrying out voluntary programs to control population growth" among the self-help measures to increase per capita production to be considered by the President before entering into an agreement, extends the cultural and educational exchange provisions to include any activities which would either assist such exchanges or provide for strengthening educational agencies for international studies and research under the Mutual Educational and Cultural Exchange Act of 1961 and a number of additional listed acts, and requires that at least 2% of total sales proceeds received each year in each country be used to finance these educational activities.

HOUSE

10. SALINE WATER. The Interior and Insular Affairs Committee reported with amendment S. 2912, to authorize appropriations for the saline water conversion program for fiscal year 1969 (H. Rept. 1247). p. H2429
11. PESTICIDES. Passed, 333-25, under suspension of the rules, H. R. 15979, to continue for 3 years (through June 30, 1971) the program under which the Interior Department investigates the effects of insecticides, herbicides, fungicides, and other pesticides on fish and wildlife, and the Agriculture Department





# DIGEST of Congressional Proceedings OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE  
WASHINGTON, D. C.  
OFFICIAL BUSINESS

POSTAGE AND FEES PAID  
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(FOR INFORMATION ONLY;  
NOT TO BE QUOTED OR CITED)

Issued April 4, 1968  
For actions of April 3, 1968  
90th-2nd; No. 56

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HIGHLIGHTS: See page 5

## SENATE

1. PUBLIC LAW 480. Passed as reported S. 2986, to extend the Agricultural Trade Development and Assistance Act for 3 years (through Dec. 1971). For a summary of the bill see Digest 54. pp. S3807-8  
Both Houses received the President's report on the Food-for-Freedom program (H. Doc. 296). pp. S3802-3, H2510

*(H. Doc. 296 never received  
by this office)*

2. ATOMIC ENERGY. The Joint Committee on Atomic Energy reported without amendment S. 3262, to authorize appropriations to the Atomic Energy Commission, including items for research and the cooperative power reactor demonstration program (S. Rept. 1074). p. S3803
3. GOOSEBERRIES. Passed as reported H. R. 2155, to reduce the tariff on Chinese gooseberries from 17.5% ad valorem to 0.75% per pound. On the request of Sen. Byrd, W. Va., the action was subsequently rescinded. p. S3806
4. FEDERAL POWER COMMISSION. Received from FPC its annual report for the fiscal year 1967. p. S3802
5. EXPORT-IMPORT BANK. Several members were added as cosponsors of S. 3218, to enable the Export-Import Bank to approve extension of certain loans, guarantees and insurance in connection with exports from the U. S. in order to improve the balance of payments and foster long-term commercial interests of the United States. p. S3805
6. RECLAMATION. Sen. Jackson discussed and inserted an Interior information release outlining the repayment summary from Bureau of Reclamation water resource development projects. pp. S3809-10
7. COOPERATIVES. Sen. Proxmire commended Wis. State Department of Agriculture and University of Wisconsin for their support of farmer cooperatives in his State. p. S3810
8. GRANTS-IN-AID. Sen. Pearson encouraged the Federal Government to take steps to encourage the local government units to develop areawide planning programs with respect to public facilities supported by grants-in-aid. p. S3813
9. TRANSPORTATION. At Sen. Mansfield's request, began consideration of S. 1314, to remove outmoded provisions in the Interstate Commerce Act regarding inland waterways transportation. Also at Sen. Mansfield's request, returned the bill to the calendar for later consideration. pp. S3816-7
10. BANKING. Sen. Holland inserted the remarks of the Comptroller of the Currency before the Florida Bankers Ass'n. in which he discussed the role the banking system plays as a "critical component" of our economy. pp. S3828-30

HOUSE

11. APPROPRIATIONS. Received the conference report on H. R. 15399, the urgent supplemental appropriation bill (H. Rept. 1279). pp. H2507-8  
The conferees deleted the Senate item of \$25,000,000 for Farmers Home Administration, direct loan account. The House conferees stated, "While the conferees have eliminated this item from the Bill, they recommend that the Bureau of the Budget release \$25,000,000 from the reserve fund of \$300,000,000 established by section 203(a) of Public Law 90-218."  
The conferees deleted the Senate item of \$500,000 for Forest Service forest protection and utilization. The House conferees stated, "The Department of Agriculture is directed to transfer not to exceed \$500,000 of the unobligated balance remaining in the insect and disease control activity to the activity--national forest protection and management for rehabilitation of range improvements damaged by heavy winter storms in Arizona."

It is worthy to note that the curator of numismatics of the Smithsonian has stated that the acquisition of the Lilly coins would make the Smithsonian's collection second to none in the world. Professional numismatists are of the opinion that the Lilly collection could never be reassembled and that its dissolution would be most unfortunate.

In its report, the Treasury Department stated that a 30-day delivery date would seem essential in order to avoid the possibility of the estate's being able to retain the collection for a prolonged period and deliver it at some indefinite future date and still claim the credit.

The committee, after study of the facts in this matter, believes that the acquisition of this coin collection is one that should be accomplished. If this coin collection, as set forth, is second to none in the world, this acquisition by the Smithsonian Institution for display to the public is most desirable. Since the value of the coin collection is given as a tax credit to the estate of Mr. Lilly, the Government is in effect receiving the value of the coin collection in return for the tax credit, which means in dollars and cents that there is a loss in revenue, but at the same time, an acquisition by the United States in approximately the same amount. The committee, therefore, strongly recommends that the bill S. 2409 be considered favorably.

#### EXTENSION OF PUBLIC LAW 480

**Mr. MANSFIELD.** Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1048, S. 2986.

**The PRESIDING OFFICER.** The bill will be stated by title.

**The LEGISLATIVE CLERK.** A bill (S. 2986) to extend Public Law 480, 83d Congress, for 2 years, and for other purposes.

**The PRESIDING OFFICER.** Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Agriculture and Forestry with amendments, on page 1, line 6, after "December 31," strike out "1970" and insert "1971"; and on page 2, line 11, after the word "finance" insert "with not less than 2 per centum of the total sales proceeds received each year in each country"; so as to make the bill read:-

S. 2986

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 409 of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by striking out "December 31, 1968" and inserting in lieu thereof "December 31, 1971."*

SEC. 2. (a) Section 104(h) of such Act is amended by inserting before the semicolon at the end thereof the following: ". Not less than 5 per centum of the total sales proceeds received each year shall, if requested by the foreign country, be used for voluntary programs to control population growth".

(b) Section 109(a) of such Act is amended by striking out the word "and" at the end of clauses (7) and (8), changing the period at the end of such subsection to a semicolon, and adding the following:

"(10) carrying out voluntary programs to control population growth."

SEC. 3. Section 104(b)(2) of such Act is amended to read as follows:

"(2) finance with not less than 2 per centum of the total sales proceeds received each year in each country activities to assist international education and cultural exchange

and to provide for the strengthening of the resources of American schools, colleges, universities, and other public and nonprofit private educational agencies for international studies and research under the programs authorized by title VI of the National Defense Education Act, the Mutual Educational and Cultural Exchange Act of 1961, the International Education Act of 1966, the Higher Education Act of 1965, the Elementary and Secondary Education Act of 1965, the National Foundation on the Arts and the Humanities Act of 1965, and the Public Broadcasting Act of 1967;"

**Mr. MANSFIELD.** Mr. President, I ask unanimous consent that the amendments be considered en bloc.

**The PRESIDING OFFICER.** Without objection, the amendments are considered and agreed to en bloc.

**Mr. ELLENDER.** Mr. President, this bill, with the committee amendments, would extend Public Law 480, 83d Congress, for 3 years, with added emphasis on family planning and educational exchange.

Public Law 480 was enacted July 10, 1954. Its purpose at that time was to dispose of surplus agricultural commodities and provide aid to foreign countries that needed our help. It was enacted on an experimental basis for 3 years. It has been extended from time to time, and in 1966 was substantially revised, the disposal of surplus agricultural commodities no longer being specified as a purpose.

The program has worked well and the committee received no objections to enactment of the pending bill. Hearings were held on March 13, 14, and 15, and the bill was reported by unanimous vote of the committee.

From July 10, 1954, when Public Law 480 was approved through December 31, 1967, agreements have been signed for the sale of commodities with a market value of \$12.4 billion—\$18 billion Commodity Credit Corporation cost. Sales proceeds are used for economic and other aid, loans, and other purposes. Dollar receipts by the United States totaled just under \$1.7 billion through June 30, 1967.

Donations under title II through December 31, 1967, have totaled \$5.7 billion, consisting of \$3.1 billion through voluntary relief agencies and \$2.6 billion on a government-to-government basis or through the world food program.

The United States has been very generous under this program; too generous. A greater effort should be made to get other nations to provide their fair share of aid to needy countries.

**Mr. MANSFIELD.** Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1066), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

#### COMMITTEE CONSIDERATION

The committee held hearings on March 13, 14, and 15 on all of the bills before it on this matter—S. 2891, S. 2986, and S. 3069; and heard all witnesses who desired to be heard. S. 2891 and S. 3069 were simple 3-year extensions of Public Law 480. S. 2986, as introduced, provided for a 2-year extension of Public Law 480 and contained provisions emphasizing the need for population control and mutual educational and cultural exchange activities. The hearings showed that

the program has been successful and there was little sentiment for any substantial change in it. Suggested changes were minor and were fully considered by the committee.

In addition to matters raised at the hearings, the committee gave some consideration to the question of port charges on title II shipments. It was advised that in the case of food donated under title II of Public Law 480 for distribution to needy people abroad, through American voluntary agencies and directly to governments for emergency relief and child feeding programs, the United States pays the ocean shipping costs. The United States has been paying normal shipping billings in which certain port charges have been hidden in the billing. In some cases the recipient governments were obligated to pay these port charges but it has not been possible to identify these charges and they have not been paying them. The Agency for International Development now proposes to negotiate with the 16 major recipient countries a flat 10-percent payment of the total shipping charges which represents the average part of the ocean freight billing attributable to port charges. The committee felt that this proposal should be pursued assiduously.

Another matter brought to the committee's attention other than through the hearings was a suggestion by Senator Williams of Delaware for the inclusion of a provision somewhat similar to section 9 of S. 2902. This would provide for the sale of surplus foreign currencies to U.S. tourists at a discount. It would be available only if the tourist confined his travel to countries where the United States had surplus foreign currencies, plus the travel necessary to reach such countries. The purpose of this provision would be to alleviate the balance-of-payments problem without restricting our citizens' traditional right to travel freely. The committee felt that the administrators of the program should make every effort to achieve this objective. They have the authority now to do so, and no further authority is needed. The committee considered a mandatory direction to the administrators on this point, but realizing the difficulties involved in obtaining the host country's approval, possible effects on the host country's currency, and other problems involved in it, the committee decided not to make it a mandatory requirement. While not mandatory, it should be an objective of the program administrators.

#### GENERAL BACKGROUND

Public Law 480, 83d Congress, was enacted in 1954 as the Agricultural Trade Development and Assistance Act of 1954. Its purpose was to use agricultural commodities which were surplus to our needs to provide aid to friendly countries, promote trade, and advance our foreign policy interests. It has been amended and extended many times through the years. In 1966 it was substantially revised by the Food-for-Peace Act of 1966. At that time our stocks of agricultural commodities were greatly reduced, and it was recognized that the program was no longer being used as a means of disposing usefully of surplus commodities but was still needed as a means of helping other countries.

Public Law 480 consists of four titles.

Title I provides for the sale of agricultural commodities for foreign currencies or on credit for dollars. Foreign currencies derived from such sales are used for economic and other aid to the host country, U.S. costs in the host country, and other purposes agreed upon by the two countries. Where sales are for dollars on long-term credit, the purchaser is able to sell the commodities and use the money received for economic development within the country pending payment to the United States.

Title II provides for donations of agricultural commodities to meet urgent relief requirements, combat malnutrition, or promote economic development.

Title III provides for barter.

Title IV contains definitions and general provisions.

**THE PRESIDING OFFICER.** The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

The title was amended, so as to read: "A bill to extend Public Law 480, 83d Congress, for 3 years, and for other purposes."

#### EXECUTIVE SESSION

**Mr. MANSFIELD.** Mr. President, there is a nomination at the desk which was reported unanimously by the Committee on the Judiciary earlier today and which has been cleared on both sides. I ask unanimous consent that the Senate go into executive session to consider the nomination.

**THE PRESIDING OFFICER.** Without objection, it is so ordered.

#### U.S. DISTRICT JUDGE FOR THE NORTHERN DISTRICT OF MISSISSIPPI

The bill clerk read the nomination of William C. Keady, of Mississippi, to be U.S. district judge for the northern district of Mississippi.

**THE PRESIDING OFFICER.** Without objection, the nomination is confirmed.

**Mr. MANSFIELD.** I ask that the President be immediately notified of the confirmation of this nomination.

**THE PRESIDING OFFICER.** Without objection, it is so ordered.

#### EXECUTIVE MESSAGE REFERRED

**THE PRESIDING OFFICER** laid before the Senate a message from the President of the United States submitting the nomination of Bernard Norwood, of New Jersey, to be a member of the U.S. Tariff Commission, which was referred to the Committee on Finance.

#### LEGISLATIVE SESSION

**Mr. MANSFIELD.** Mr. President, I ask unanimous consent that the Senate resume the consideration of legislative business.

**THE PRESIDING OFFICER.** Without objection, it is so ordered.

#### ORDER OF BUSINESS

**Mr. MANSFIELD.** Mr. President, I suggest the absence of a quorum.

**THE PRESIDING OFFICER.** The clerk will call the roll.

The bill clerk proceeded to call the roll.

**Mr. MANSFIELD.** Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

**THE PRESIDING OFFICER.** Without objection, it is so ordered.

#### PRESIDENT JOHNSON ASKS NATION TO JOIN TOGETHER IN UNITED PURPOSE BEFORE NAB IN CHICAGO

**Mr. SMATHERS.** Mr. President, President Johnson asked the National Association of Broadcasters in Chicago to help him promote unity in America during a time of challenge.

America faces deep divisions over problems at home and over the war in Vietnam. We are daily told of the cleavage between rich and poor, black and white, hawk and dove.

But the problems we face as a Nation are too complex, the challenges too great, the issues too important, for America to face them with a house divided.

President Johnson reminded the National Association of Broadcasters that they must use their enormous power to help this Nation face the challenges of the decade united. As the President told them:

Where there is great power, there must also be a great responsibility. This is true for broadcasters just as it is true for Presidents.

The mass media—which have the potential to tie our Nation together—must show the works of progress as well as the problems, stress our basic unity of purpose as well as the partisan divisions, explain our accomplishments as well as our challenges.

President Johnson has made the supreme sacrifice to end divisiveness at home by taking the office of President out of the political arena.

The broadcasting industry and the people of America must make an equally great effort to heal the wounds in our body politic.

On our efforts—and our success—rests the future well-being of our country.

I ask unanimous consent that the President's speech to the National Association of Broadcasters in Chicago be printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

#### REMARKS OF THE PRESIDENT BEFORE THE NATIONAL ASSOCIATION OF BROADCASTERS, CHICAGO, ILL., APRIL 1, 1968

Mayor Daley, Mr. Wasilewski, ladies and gentlemen:

Some of you might have thought from what I said last night that I had been taking elocution lessons from Lowell Thomas. One of my aides said this morning: "Things are really getting confused around Washington, Mr. President."

I said, "How is that?"

He said, "It looks to me like you are going to the wrong convention in Chicago."

I said, "Well, what you all forgot was that it is April Fool."

Once again we are entering the period of national festivity which Henry Adams called "the dance of democracy." At its best, that can be a time of debate and enlightenment. At its worst, it can be a period of frenzy. But always it is a time when emotion threatens to substitute for reason. Yet the basic hope of a democracy is that somehow—amid all the frenzy and all the emotion—in the end, reason will prevail. Reason just must pre-

vail . . . if democracy itself is to survive.

As I said last evening, there are very deep and emotional divisions in this land that we love today—domestic divisions, divisions over the war in Vietnam. With all of my heart, I just wish this were not so. My entire career in public life—some 37 years of it—has been devoted to the art of finding an area of agreement because generally speaking, I have observed that there are so many more things to unite us Americans than there are to divide us.

But somehow or other we have a facility sometimes of emphasizing the divisions and the things that divide us instead of discussing the things that unite us. Sometimes I have been called a seeker of "concensus", more often that has been criticism of my actions instead of praise of them. But I have never denied it. Because to heal and to build support, to hold people together, is something I think is worthy and I believe it is a noble task. It is certainly a challenge for all history in this land and this world where there is restlessness and uncertainty and danger. In my region of the country where I have spent my life, where brother was once divided against brother, my heritage has burned this lesson and it has burned it deep in my memory.

Yet along the way I learned somewhere that no leader can pursue public tranquility as his first and only goal. For a President to buy public popularity at the sacrifice of his better judgment is too dear a price to pay. This nation cannot afford such a price, and this nation cannot long afford such a leader.

So, the things that divide our country this morning will be discussed throughout the land. I am certain that the very great majority of informed Americans will act, as they have always acted, to do what is best for their country and what serves the national interest.

But the real problem of informing the people is still with us. I think I can speak with some authority about the problem of communication. I understand, far better than some of my severe and perhaps intolerant critics would admit, my own shortcomings as a communicator.

How does a public leader find just the right word or the right way to say no more or no less than he means to say—bearing in mind that anything he says may topple governments and may involve the lives of innocent men?

How does that leader speak the right phrase, in the right way, under the right conditions, to suit the accuracies and contingencies of the moment when he is discussing questions of policy, so that he does not stir a thousand misinterpretations and leave the wrong connotation or impression?

How does he reach the immediate audience and how does he communicate with the millions of others who are out there listening from afar?

The President, who must call his people to meet their responsibilities as citizens in a hard and enduring war, often ponders these questions and searches for the right course.

You men and women—who are masters of the broadcast media—surely must know what I am talking about. It was a long time ago when a President once said: "The printing press is the most powerful weapon with which man has ever armed himself." In our age, the electronic media has added immeasurably to man's power. You have within your hands the means to make our nation as intimate and informed as a New England town meeting.

Yet the use of broadcasting has not cleared away all of the problems that we still have of communications. In some ways, I think,

But, Mr. Speaker, if Ho Chi Minh continues a military buildup in South Vietnam and his forces make any massive attack on United States or South Vietnamese troops, then I would want it made clear that we would retaliate in an all-out effort to bring this war to a conclusion by military victory.

#### REV. JOHN WINTERBOURNE

(Mr. UTT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. UTT. Mr. Speaker, I take this opportunity to pay honor and respect to a great and good American who has just passed away at the age of 97. The Reverend John Winterbourne arrived with his family in Tustin, Orange County, Calif., some 45 years ago.

Reverend Winterbourne had retired from ministries in Colorado and Iowa. Although Reverend Winterbourne was a Methodist, he became associated with the Community Presbyterian Church and was an active and regular attendant. At that time there was no Methodist Church in Tustin.

Reverend Winterbourne's real work still lay ahead, and he founded the Goodwill Industries in Orange County, which at that time had less than 100,000 population, but has since grown to a 1½ million population.

There were lean and hungry days for Goodwill Industries during the depression, but Reverend Winterbourne did not falter, and continued to serve the people of Orange County by furnishing work to the handicapped and to the needy, and making the products of their hands available to the public at a low price.

To his children and his grandchildren, I express my deepest sympathy, and know that they will feel rewarded for the fine work established and conducted by their father and grandfather.

#### TAX LEGISLATION

(Mr. COLLIER asked and was given permission to address the House for 1 minute.)

Mr. COLLIER. Mr. Speaker, the Senate tax bill with a half-dozen extraneous riders was passed yesterday and leaves the excise tax proposal and tax collection speedup provisions of the House measure in what could become a state of limbo. Regardless of the merits or demerits of the Senate-added provisions, and some of them are certainly commendable, we find the other body acting contrary to the basic concept of the constitutional responsibility and prerogatives of the House of Representatives to institute revenue laws. While technically the other body has the right to amend tax legislation, it certainly should be clear to every Member of both legislative bodies that this type of procedure defeats the fundamental intent and purpose of section 7 of article I of the Constitution which states:

All bills for raising revenue shall originate in the House of Representatives.

It should be remembered that those Members of this body who would prefer

to support the broad Senate-passed bill need only exercise their right to place this bill with a discharge petition on the desk of the Speaker and secure 218 signatures to bring it to the floor in which event it could then be acted upon by the House and subsequently moved to conference in a manner which would be in keeping with the provision of the Constitution I have just cited.

#### PAYMENT FOR COSTS OF DEMONSTRATIONS

(Mr. DEVINE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DEVINE. Mr. Speaker, 5 months ago today, on November 3, 1967, I introduced H.R. 13869, which I believe is probably more appropriate today than it was 5 months ago, because this is a bill which would require an applicant for a permit to hold a demonstration, parade, march, or vigil on Federal property or in the District of Columbia to post a bond to cover certain costs of such demonstration.

This would require anybody such as Martin King, who has announced that he is going to disrupt the operation of our Government by having what he calls a "poor people's demonstration" in the District of Columbia, when he requests a permit to hold such a demonstration, march, or vigil, first, to post a bond in an amount that would cover the estimated cost of additional police forces, including military personnel needed to maintain law and order during such demonstration; and second, to post a bond that would cover the cost of cleaning up, repairing, or otherwise restoring the condition that immediately preceded such demonstration.

Mr. Speaker, this matter has been pending before the Committee on Public Works for 5 months, and it seems to me this is a most appropriate time for hearings to be conducted on this bill in order that legislation of this nature can be enacted prior to King coming and trying to take over the Nation's Capital.

It is high time the American taxpayer be indemnified against subsidizing irresponsible conduct. If King and his followers want to dance, let them pay the fiddlers.

#### ADDITIONAL LEGISLATIVE PROGRAM FOR THE WEEK OF APRIL 1

(Mr. ARENDS asked and was given permission to address the House for 1 minute.)

Mr. ARENDS. Mr. Speaker, I take this time for the purpose of inquiring of the distinguished majority leader if he can kindly advise us of the program for the balance of the day and the following days of the week.

Mr. ALBERT. Mr. Speaker, will the gentleman yield?

Mr. ARENDS. I yield to the majority leader.

Mr. ALBERT. In response to the inquiry of the distinguished gentleman from Illinois, we will proceed with the program for today as announced, House Resolution 1099 dealing with ethics. Tomorrow we will add to the program H.R.

16324 to authorize an appropriation for the Atomic Energy Commission on which a rule was granted today. Also we will go on with the previously announced bill, H.R. 16241, to extend the tax on transportation, on which the Rules Committee granted a rule today. This was listed as being subject to a rule. I will advise Members also that we may have tomorrow, I am told by the distinguished gentleman from Texas, the conference report on the emergency appropriation bill.

Mr. ARENDS. I thank the gentleman for this additional information.

#### PERMISSION TO RECOMMIT H.R. 6655 TO COMMITTEE ON THE JUDICIARY

Mr. HUNGATE. Mr. Speaker, I ask unanimous consent that H.R. 6655, for the relief of Mary Jane Orloski, No. 394 on the Private Calendar, be recommitted to the Committee on the Judiciary.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

#### CLARIFICATION OF LEGISLATIVE PROGRAM

(Mr. ALBERT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ALBERT. Mr. Speaker, I make this request in order to clarify my answer to the distinguished gentleman from Illinois [Mr. ARENDS]. I did mean to state that we had already removed, which I thought was already well known, the NASA authorization bill from the program for this week, at the request of the distinguished gentleman from California [Mr. MILLER]—H.R. 15856, which is the authorization bill for the National Aeronautics and Space Administration.

Mr. GERALD R. FORD. Mr. Speaker, will the distinguished majority leader yield?

Mr. ALBERT. I yield to the gentleman from Michigan.

Mr. GERALD R. FORD. I understand from the colloquy which was held between the gentleman from Oklahoma and the gentleman from Illinois, it was indicated that the authorization for the Atomic Energy Commission was coming up tomorrow. Does that mean also that we will have H.R. 16241 considered as well?

Mr. ALBERT. We hope we can consider both and we hope we can do it tomorrow.

As I indicated earlier, we may also have the emergency appropriation bill. We may have to go into Friday.

Mr. GERALD R. FORD. There is a possibility of our meeting on Friday?

Mr. ALBERT. There is that possibility.

Mr. HOLIFIELD. Mr. Speaker, will the gentleman yield?

Mr. ALBERT. I yield to the gentleman from California.

Mr. HOLIFIELD. I would say after consulting with the gentleman from California [Mr. HOSMER], we believe, while we have asked for 2 hours time for general debate, we do not believe it will be necessary. We are interested in cooperating

with the leadership in getting this bill through. It is noncontroversial. We have cut close to 23 percent of the nonmilitary funds of the Atomic Energy Commission. This is a remarkable cut. We have cut 10 percent of the overall budget-approved AEC request, notwithstanding the fact that we had to raise the military section \$305 million in order to take care of antiballistic missile research and development and the Poseidon weapon development.

So we have absorbed the \$300 million, and we made a 10-percent overall cut, and made a 23-percent cut in the peacetime avocations and the other nonmilitary programs. We believe we have a remarkably sound bill to bring before the House, and we do not believe there will be much controversy. We have asked for 2 hours, but I do not believe it should take over an hour or 45 minutes.

Of course, the will of the House is the will of the House.

The SPEAKER. The time of the gentleman from Oklahoma has expired.

#### FOOD FOR FREEDOM—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 296)

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on Agriculture and ordered to be printed with illustrations:

*To the Congress of the United States:*  
I am pleased to transmit to the Congress the 1967 report on the Food for Freedom program.

The bounty of America's farms have long given hope to the human family.

For the pioneers, who first plowed our fertile fields, their harvest brought liberation from the age-old bondage of hunger and want.

For the victims of two world wars, our food nourished the strength to rebuild with purpose and dignity.

For millions in the developing nations, our food continues to rescue the lives of the starving and revive the spirit of the hopeless.

We share our bounty because it is right. But we know too that the hungry child and the desperate parent are easy prey to tyranny. We know that a grain of wheat is a potent weapon in the arsenal of freedom.

Compassion and wisdom thus guided the Congress when it enacted Public Law 480 in 1954. Since then, the productivity of the American farmer and the generosity of the American people have combined to write an epic chapter in the annals of man's humanity to man.

In 1966, I recommended that Congress alter Public Law 480 to reflect new conditions both at home and abroad. The Congress accepted my major recommendations, and added provisions of its own to strengthen the Act. I am proud to report that in 1967 we successfully fulfilled the letter and spirit of these new provisions.

Congress directed that the Food for

Freedom program should encourage international trade.

—In 1967 world trade in agricultural products reached an all-time high of \$33.9 billion, nearly 20 percent higher than in 1966.

Congress directed that the Food for Freedom program should encourage an expansion of export markets for our own agricultural commodities.

—In the past two years, this nation has enjoyed unparalleled prosperity in agricultural exports. Since 1960 our agricultural exports have grown from \$3.2 billion to \$5.2 billion—a gain of 62 percent.

Congress directed that we should continue to use our abundance to wage an unrelenting war on hunger and malnutrition.

—During 1967 we dispatched more than 15 million metric tons of food to wage the war on hunger—the equivalent of 10 pounds of food for every member of the human race.

Congress determined that our Food for Freedom program should encourage general economic progress in the developing countries.

—Our food aid has helped Israel, Taiwan, the Philippines, and Korea build a solid record of economic achievement. With our help, these nations have now moved into the commercial market, just as Japan, Italy, Spain and others before them.

Congress determined that our food aid should help first and foremost those countries that help themselves.

—Every one of our 39 food aid agreements in 1967 committed the receiving country to a far-reaching program of agricultural self-help. Many of these programs are already bringing record results.

Congress directed that we should move as rapidly as possible from sales for foreign currency to sales for dollars.

—Of the 22 countries participating in the Food for Freedom program in 1967, only four had no dollar payment provision. Last year, six countries moved to payments in dollars or convertible local currencies.

Congress directed that we should use Food for Freedom to promote the foreign policy of the United States.

Statistics alone cannot measure how Food for Freedom has furthered America's goals in the world. Its real victories lie in the minds of millions who now know that America cares. Hope is alive. Food for Freedom gives men an alternative to despair.

Last year was a record year in world farm output. With reasonable weather, 1968 can be even better. New agricultural technology is spreading rapidly in the developed countries. New cereal varieties are bringing unexpectedly high yields in the developing lands. An agricultural revolution is in the making.

This report shows clearly how much we have contributed to that revolution in the past year. But the breakthrough is only beginning. The pride in accomplishments today will seem small beside the progress we can make tomorrow.

LYNDON B. JOHNSON.  
THE WHITE HOUSE, April 3, 1968.

#### CALL OF THE HOUSE

MR. ASHBROOK. Mr. Speaker, I make the point of order that a quorum is not present.

THE SPEAKER. Evidently a quorum is not present.

MR. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered. The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 33]

Adams	Hagan	Pool
Ashley	Hansen, Idaho	Resnick
Cabell	Harrison	Roth
Conyers	Hathaway	Schweiker
Dent	Holland	Selden
Dowdy	King, Calif.	Stuckey
Eckhardt	Matsunaga	Taft
Evins, Tenn.	Minshall	Teague, Calif.
Ford,	O'Konski	Teague, Tex.
William D.	Pike	Tunney
Gurney	Poage	Vigorito

THE SPEAKER pro tempore (Mr. ALBERT). On this rollcall 399 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

#### PERMISSION FOR COMMITTEE ON RULES TO HAVE UNTIL MIDNIGHT TONIGHT TO FILE CERTAIN REPORTS

MR. BOLLING. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain reports.

THE SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

#### STANDARDS OF OFFICIAL CONDUCT

MR. BOLLING. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 1119 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 1119

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the resolution (H. Res. 1099) amending H. Res. 418, Ninety-first Congress, to continue the Committee on Standards of Official Conduct as a permanent standing committee of the House of Representatives, and for other purposes. After general debate, which shall be confined to the resolution and continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Standards of Official Conduct, the resolution shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the resolution for amendment, the Committee shall rise and report the resolution to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the resolution and amendments thereto.

MR. BOLLING. Mr. Speaker, I yield 30 minutes to the gentleman from California [Mr. SMITH] and, pending that, I yield myself such time as I may consume.

MR. Speaker, the resolution before us makes it possible for there to be 2 full





90<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# S. 2986

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IN THE HOUSE OF REPRESENTATIVES

APRIL 4, 1968

Referred to the Committee on Agriculture

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## AN ACT

To extend Public Law 480, Eighty-third Congress, for three years, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That section 409 of the Agricultural Trade Development and  
4       Assistance Act of 1954, as amended, is amended by striking  
5       out "December 31, 1968" and inserting in lieu thereof  
6       "December 31, 1971".

7       SEC. 2. (a) Section 104(h) of such Act is amended  
8       by inserting before the semicolon at the end thereof the  
9       following: ". Not less than 5 per centum of the total sales  
10      proceeds received each year shall, if requested by the foreign

1 country, be used for voluntary programs to control population  
2 growth".

3 (b) Section 109 (a) of such Act is amended by striking  
4 out the word "and" at the end of clauses (7) and (8),  
5 changing the period at the end of such subsection to a  
6 semicolon, and adding the following:

7 "(10) carrying out voluntary programs to control  
8 population growth."

9 SEC. 3. Section 104 (b) (2) of such Act is amended  
10 to read as follows:

11 "(2) finance with not less than 2 per centum of the  
12 total sales proceeds received each year in each country  
13 activities to assist international educational and cultural  
14 exchange and to provide for the strengthening of the  
15 resources of American schools, colleges, universities, and  
16 other public and nonprofit private educational agencies  
17 for international studies and research under the programs  
18 authorized by title VI of the National Defense Educa-  
19 tion Act, the Mutual Educational and Cultural Exchange  
20 Act of 1961, the International Education Act of 1966,  
21 the Higher Education Act of 1965, the Elementary and

1      Secondary Education Act of 1965, the National Foun-  
2      dation on the Arts and the Humanities Act of 1965,  
3      and the Public Broadcasting Act of 1967;".

Passed the Senate April 3, 1968.

Attest:

FRANCIS R. VALEO,

*Secretary.*

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## AN ACT

To extend Public Law 480, Eighty-third Congress, for three years, and for other purposes.

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APRIL 4, 1968

Referred to the Committee on Agriculture





# *DIGEST of Congressional Proceedings*

## OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE  
WASHINGTON, D. C. 20250  
OFFICIAL BUSINESS

POSTAGE AND FEES PAID  
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
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NOT TO BE QUOTED OR CITED)

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Conservation.....6  
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HIGHLIGHTS: House committee reported bill to extend Public Law 480. House passed per-diem travel bill.

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### HOUSE

1. PUBLIC LAW<sup>4</sup> 480. The Agriculture Committee reported without amendment H. R. 16165, to extend for one year (through Dec. 1969) the Agricultural Trade Development and Assistance Act of 1954 and to amend it in several respects (H. Rept. 1297). p. H2936
2. TRAVEL. Passed, without amendment H. R. 13738, to increase from \$16 to \$20 the maximum regular rate of per diem allowance for employees traveling on official business and to increase from \$30 to \$35 the actual-expense maximum (pp. H2913-22).

3. MILITARY CONSTRUCTION. The Armed Services Committee reported without amendment H. R. 16703, the military construction bill (H. Rept. 1296). p. H2936
4. APPROPRIATIONS. Agreed to a further conference on H. R. 15399, the urgent supplemental appropriation bill. New conferees were appointed. p. H2909
5. EDUCATION. The Education and Labor Committee voted to report (but did not actually report) H. R. 16729, the higher education amendments. A subcommittee of the Education and Labor Committee approved for full committee action title IV (student assistance) of H. R. 15067, higher education amendments. p. D340

SENATE

6. CONSERVATION. Continued debate on S. 1401, to amend title I of the Land and Water Conservation Fund Act of 1965 (see Digest 66). Pending at adjournment was an amendment by Sen. Ellender to eliminate provision for use of a portion of the receipts from oil and gas leasing on the Outer Continental Shelf as an additional source of revenue to finance the legislation. pp. S4419-38  
Sen. Yarborough urged passage of S. 4, to establish a Big Thicket National Park in Texas, and inserted a supporting article. pp. S4417-8
7. EXHIBITS. Both Houses received the President's annual report on International Exhibitions under the International Cultural and Educational Exchange Act. pp. S4387, H2913
8. FOREIGN TRADE. Received from the President the International Coffee Agreement, 1968; to Committee on Foreign Relations. pp. S4438-9  
Sen. Hartke inserted an article describing legislation he intends to propose for development of Small Business Export Trade Corporations. p. S4409
9. TRANSPORTATION. Received from the Hawaii Legislature a resolution favoring H. R. 13093 and S. 2454, to permit direct shipment of goods between Alaska and Hawaii on foreign vessels. p. S4392
10. INTERNATIONAL DEVELOPMENT. Both Houses received from Treasury a proposed bill to provide for increased participation by the United States in the International Development Association; to Senate Foreign Relations and House Banking and Currency Committees. pp. S4391, H2935
11. ELECTRIFICATION. Received from Interior the annual report of the Bonneville Power Administration for fiscal year 1967. p. S4391
12. TAXATION; EXPENDITURES. Several members discussed the implications a proposed tax increase and expenditure reduction might have on our economy. pp. S4403, S4407, S4390-1
13. EDUCATION. Sen. Hartke submitted an amendment to S. 3098, the Higher Education Act amendments, which would increase funds for aid to institutions in developing cooperative education. pp. S4394-6

EXTENSION AND AMENDMENT OF PUBLIC LAW 480,  
83D CONGRESS

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APRIL 23, 1968.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. POAGE, from the Committee on Agriculture, submitted the following

R E P O R T

[To accompany H.R. 16165]

The Committee on Agriculture, to whom was referred the bill (H.R. 16165) to extend the Agricultural Trade Development and Assistance Act of 1954, as amended, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

STATEMENT

The purpose of H.R. 16165, which was unanimously approved by the Committee on Agriculture, is to continue and strengthen the Agricultural Trade Development and Assistance Act of 1954, as amended, popularly known as Public Law 480.

This landmark law has been a cornerstone of American agricultural and foreign policy for the past 14 years and the committee is proud of the program's many accomplishments.

It is a program that has changed and is changing the lives and fortunes of millions of people throughout our planet. By whatever name it might be known—food for peace, food for freedom, or war on hunger—the Public Law 480 program is itself a reflection of the turbulent times in which we live. In an era when agricultural technology is grimly competing in a worldwide race with a bursting, booming population growth, this program stands as the single most important international instrument available to mankind to close the gap between what can be done and what will be done.

This extension, like previous enactments, retains most of what has been built into statute in the past. Again like other enactments, it

proposes to build and add to our national ability to achieve the noble goals toward which this great program is directed.

#### BRIEF SUMMARY OF H.R. 16165

The committee bill would—

- (1) extend titles I and II of the act for 1 year, through December 31, 1969;
- (2) clarify the President's authority to accept foreign currencies for certain uses authorized by the act;
- (3) establish the policy that the United States should get a "fair share" of any growth in commercial agricultural markets in developing nations;
- (4) permit special convertibility of foreign currency at mutually agreed to rates for the purpose of paying U.S. and foreign public works contractors;
- (5) permit the payment of U.S. importers in foreign currency;
- (6) place increased emphasis on rodent, insect, weed and plant and animal pest control programs in developing nations;
- (7) repeal stockpile barter; and
- (8) reduce the size of the joint Congressional-Executive Advisory Committee and establish a regular meeting procedure.

#### BACKGROUND

Public Law 480 was originally enacted in 1954 during the 83d Congress. It has been extended six times by subsequent Congresses, the most recent occasion being in 1966 when titles I and II of the act were extended through December 31, 1968. Since its inception, Public Law 480 has been directed toward the attainment of several goals. These goals are:

- The promotion of expanded trade and commerce between the United States and friendly nations throughout the world;
- The furtherance of the foreign policy of the United States;
- The orderly and useful disposition of excess productivity of American agriculture;
- Rendering assistance to friendly developing nations; and
- Providing humanitarian aid to hungry people throughout the world.

The 1966 amendments to the act further refined the program's goals to specifically emphasize:

- The necessity of agricultural self-help being exercised by friendly developing nations receiving assistance under Public Law 480;
- The conversion of the program, as rapidly as possible, from local currency sales to dollar credit and commercial sales;
- The importance of voluntary family planning services as an effective method to help meet the world food and population crisis;
- The prohibition against concessional sales to nations carrying on commerce with North Vietnam and Cuba; and
- Removing a previous statutory requirement that agricultural commodities must be in a "surplus" market situation before being eligible for sales or donation under the act.

The 1966 amendments also rewrote and revised the various titles of Public Law 480 as follows:

All concessional sales (both local currency and dollar credit transactions) were placed under title I.

All donations (both government to government and voluntary agency) were placed under title II.

Barter authority was placed under title III.

All general and miscellaneous provisions of the act were included in title IV.

Through the 14 years that Public Law 480 has been in existence, the committee has diligently attempted to emphasize and implement each of the program's goals within the framework of a "graduation" theory.

From the beginning it was felt that the eventual goal of each country program should be the development of a commercial market to replace the gifts or concessional sales being made under Public Law 480 or other Government programs.

The basic idea was and is to make outright donations where people are in immediate need of food. Later this food aid might be conditioned on work. Later there might be a soft-currency sale with a portion of the proceeds granted or loaned to the recipient nation as foreign aid. Later there might be a government-to-government dollar credit sale. Then there might be a private trade agreement under title I or an offshore procurement contract under title III. Next there might be a combination of concessional and commercial sales. Simultaneously the foreign currencies generated by the sale of these commodities would be used for market development, loans to American business firms, meeting U.S. obligations, and for the host of other uses authorized by the law. Finally, a strictly commercial relationship between the private trade in our country with the private trade in the other nation would be established. At this stage the graduation theory would have been proven.

In practice this "graduation" theory has been proven over and over again. For example:

Our annual billion-dollar cash market in Japan had its origin in concessional sales.

Growing cash markets in Israel, Taiwan, Korea, Italy, Spain, and the Philippines and other countries are presently helping our balance-of-payments problems.

U.S. agricultural exports reached \$6.4 billion in 1967, and two-thirds of these exports were commercial sales.

World trade in agricultural products reached an all-time high of \$33.9 billion in 1967.

Of the 22 nations participating in Public Law 480 programs in 1967, only four had no dollar-payment provision while six countries moved to payments in dollars or convertible currency.

The following tables (tables 1 and 2) show our major commercial and concessional markets throughout the world:<sup>1</sup>

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<sup>1</sup> Except where otherwise indicated, the source for all tables in this report is the Presidents' 1967 annual report on the operation of Public Law 480, April 3, 1968.

1A.—LEADING DOLLAR MARKETS FOR U.S. AGRICULTURAL EXPORTS, CALENDAR YEARS 1955-66 AND JULY-DECEMBER 1954  
[Amounts in millions of dollars]

Country	Total	July-De-cember 1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1954	1965	1966												
	Amount	Rank	Amount	Rank	Amount	Rank	Amount	Rank	Amount	Rank	Amount	Rank	Amount	Rank												
Japan	6,295	3	122	2	267	3	264	2	395	3	320	2	465	1	527	2	449	1	634	1	709	1	865	1	932	
Canada	5,755	2	160	1	241	3	355	3	344	2	382	2	432	1	491	1	511	2	536	2	615	2	620	2	620	
United Kingdom	4,872	1	212	3	264	4	256	1	405	1	394	1	476	3	397	3	393	3	401	4	437	5	387	5	453	
Germany, West	4,205	5	113	5	164	2	282	4	338	4	258	5	276	4	332	4	354	4	385	4	361	5	430	4	429	
Netherlands	4,018	4	120	4	192	5	219	5	212	4	204	4	312	5	316	5	316	5	365	3	444	3	469	3	483	
Italy (including Trieste)	1,786	—	20	—	27	10	56	8	106	9	83	9	73	6	140	6	202	6	160	6	203	6	215	6	240	
Belgium-Luxembourg	1,605	7	47	7	80	7	116	7	118	7	100	7	113	7	134	7	119	7	131	7	166	7	165	7	185	
France	1,035	8	34	—	21	—	39	—	28	—	39	8	112	8	105	9	84	8	149	9	141	9	148	9	148	
Venezuela	969	9	30	8	73	8	72	10	82	8	83	8	89	9	92	9	89	10	64	12	64	11	80	12	79	
Cuba	841	6	78	6	108	6	122	6	145	6	145	6	131	10	87	10	87	10	(c)	—	15	—	15	—	15	
Mexico	825	—	23	10	48	9	60	9	99	10	77	11	60	12	55	12	56	11	74	—	64	11	80	—	72	
Denmark	709	—	15	12	33	12	41	—	37	—	40	10	63	11	55	11	48	11	62	10	77	10	83	10	84	
Spain	728	7	23	11	36	11	50	11	59	—	8	—	3	—	1	—	18	11	59	8	86	9	107	10	148	
Switzerland	683	12	23	11	36	11	50	11	59	—	36	12	39	—	54	10	63	12	62	—	59	12	61	—	70	
Philippines	572	10	28	9	54	—	37	—	39	11	49	—	32	—	54	10	63	12	62	—	48	—	38	—	45	
Sweden	543	10	20	—	28	—	40	12	46	12	41	—	31	—	46	—	48	—	47	—	41	—	55	—	60	
Australia	422	11	25	—	33	—	26	—	45	—	27	—	25	—	33	—	37	—	36	—	37	—	39	—	34	
Hong Kong	405	8	11	—	20	—	20	—	21	—	20	—	21	—	37	—	40	—	40	—	48	—	49	—	43	
Norway	402	13	—	24	—	31	—	23	—	23	—	22	—	25	—	32	—	27	—	38	—	36	—	38	—	53
Israel	263	4	—	7	—	6	—	14	—	14	—	9	—	11	—	13	—	15	—	17	—	37	—	41	—	51
South Africa, Republic of	248	5	—	12	—	13	—	12	—	12	—	9	—	11	—	17	—	20	—	15	—	32	—	32	—	57
Ireland	237	11	—	20	—	11	—	12	—	12	—	16	—	10	—	14	—	17	—	31	—	22	—	20	—	31
United Arab Republic (Egypt)	214	6	—	12	—	14	—	11	—	14	—	5	—	12	—	8	—	16	—	12	—	13	—	15	—	76
Union of Soviet Socialist Republics	214	(2)	—	(2)	—	1	—	3	—	(2)	—	1	—	6	—	15	—	6	—	7	—	9	—	128	—	23

1. Includes the estimated value of U.S. exports to Canada of grain and soybeans for finishing the loading at Canadian ports of vessels moving through the St. Lawrence Seaway as follows: \$3,000,000; 1960, \$10,000,000; 1961, \$76,000,000; 1952, \$97,000,000; 1963, \$172,000,000; 1954, \$160,000,000; 1955, \$176,000,000; and 1966, \$140,000,000.

2. Less than \$50,000.

3. Government-financed exports to Spain as compiled from reports of export under Government programs exceeded total agricultural exports as reported by the Bureau of the Census. Such apparent excesses may be due to lags in reporting or to differences in valuation procedure.

Source: FAS, USDA.

TABLE 1b.—LEADING DOLLAR MARKETS FOR U.S. AGRICULTURAL EXPORTS FOR CALENDAR YEAR 1967  
[Dollar amounts in millions]

Country	Rank	Amount
Japan.....	1	\$863
Canada.....	2	556
Netherlands.....	3	490
West Germany.....	4	419
United Kingdom.....	5	399
Italy.....	6	225
Belgium-Luxemborg.....	7	156
Spain.....	8	153
France.....	9	148
Denmark.....	10	87

Source: FAS, USDA 4/22/68

TABLE 2A.—PRINCIPAL COUNTRIES OF DESTINATION FOR GOVERNMENT-FINANCED AGRICULTURAL EXPORTS, CALENDAR YEARS 1955-66 AND JULY-DECEMBER 1954

Country	Total	July-1954	December 1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966															
	Amount	Rank	Amount	Rank	Amount	Rank	Amount	Rank	Amount	Rank	Amount	Rank	Amount	Rank	Amount															
India	3,448	1	12	40	8	74	1	230	1	176	1	203	1	398	1	222	1	268	1	338	1	484	1	468	1	546				
Yugoslavia	1,094	1	35	3	99	6	85	4	112	4	92	2	102	12	30	6	84	4	85	4	104	6	79	3	94	3	93			
Pakistan	1,049	1	—	17	10	72	10	55	6	66	5	55	4	93	4	93	3	87	2	155	3	144	2	151	2	50				
United Arab Republic (Egypt)	923	7	—	22	9	—	—	35	2	—	1	4	5	87	2	155	3	137	2	178	4	183	5	183	5	62				
Korea, Republic of	920	7	16	11	47	9	73	2	116	3	96	7	49	6	60	7	78	7	75	5	100	5	81	5	77	6	52			
Spain	811	9	10	4	83	2	153	6	92	2	145	3	91	3	96	3	95	2	107	6	75	6	85	4	143	7	90			
Brazil	732	—	—	5	—	—	—	37	2	27	12	30	10	45	10	35	2	107	6	75	6	85	4	143	7	53	4	90		
Taiwan (Formosa)	610	6	22	8	54	—	—	50	12	51	9	55	8	46	7	44	9	53	9	52	9	59	9	44	8	47	10	33		
United Kingdom	568	3	29	2	112	1	166	5	96	13	13	11	34	7	33	11	34	7	33	11	34	7	33	11	34	8	12	—	18	
Poland and Danzig	562	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	7	
Turkey	558	5	—	29	8	34	8	62	10	52	12	35	9	36	8	69	5	78	7	64	10	40	11	25	12	29				
Italy (including Trieste)	520	4	28	6	73	5	108	3	112	7	60	9	45	—	22	12	36	—	16	—	6	—	6	—	6	—	6	—	2	
Japan	492	5	28	1	119	3	127	9	127	9	15	14	20	20	27	—	33	—	33	—	18	—	11	—	11	—	10	—	10	
Israel	469	11	9	38	—	—	—	42	—	32	11	44	11	44	8	44	11	39	11	41	—	28	11	18	9	45	8	35		
Viet-Nam, South <sup>2</sup>	411	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Germany, West	375	8	15	5	78	7	83	7	74	—	28	—	29	—	23	—	17	—	6	—	1	—	5	—	4	—	4	—	12	
France	348	2	30	10	47	4	117	—	46	8	58	—	24	—	16	—	7	—	3	—	1	—	1	—	1	—	1	—	1	
Greece	332	12	9	55	11	63	—	43	—	22	—	12	—	15	—	23	—	14	—	20	—	14	—	24	—	17	—	17		
Indonesia	244	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Philippines	222	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Morocco	222	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Chile	200	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Colombia	163	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Netherlands	159	10	9	51	12	53	—	26	—	1	—	7	—	4	—	2	—	1	—	1	—	1	—	1	—	2	—	1	—	1
Austria	142	—	4	14	—	27	—	21	—	16	—	14	—	21	—	13	—	12	—	12	—	12	—	12	—	12	—	12	—	12
Tunisia	140	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Peru	131	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Belgium-Luxembourg	123	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Congo (Kinshasa, Burundi, and Rwanda)	108	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

<sup>2</sup> Vietnam, Laos, Cambodia (Indochina) prior to Jan. 1, 1958.

<sup>1</sup> Less than \$50,000.  
Source: PAS, USDA.

TABLE 26.—PRINCIPAL COUNTRIES FOR GOVERNMENT-FINANCED AGRICULTURAL EXPORTS, CALENDAR YEAR 1967

Country	Rank	Amount (millions of dollars)	Country	Rank	Amount (millions of dollars)
India.....	1	501	Taiwan.....	6	43
Vietnam.....	2	152	Israel.....	7	33
Pakistan.....	3	149	Tunisia.....	8	28
Korea.....	4	104	United Kingdom.....	9	125
Brazil.....	5	102	Morocco.....	10	24

<sup>1</sup> \$25,000,000 of U.S. tobacco under barter program in addition to dollar exports of tobacco totaling \$115,000,000.

Source: FAS, USDA Apr. 22, 1968.

Since the inception of Public Law 480, farm products worth nearly \$11 billion have been exported and sold for local currency. Another \$748 million worth has been exported under dollar credit. Donations have totaled over \$3 billion, barter approximately \$2.6 billion, and AID and mutual security programs account for an additional \$2.2 billion. The total value for all farm commodities exported under Public Law 480 since 1954 is \$17.2 billion. The total value of the commodities exported under all Government programs was \$19.4 billion. Total commercial exports were \$48.1 billion during the same period.

On a program-cost basis (as distinguished from the value of the commodities when exported), gross costs since 1954 have totaled \$23.7 billion. Sales for foreign currencies accounted for \$16.4 billion, dollar-credit sales were \$1 billion, donations were \$4.9 billion, and barter \$1.4 billion.

The following tables show the total value (table 3), the gross cost (table 4), the value (table 5) and the quantities (table 6) of agricultural commodities, and nations (table 7) which received them during the past 14 years and during fiscal year 1967 (tables 8 and 9).

TABLE 3.—VALUE OF U.S. FARM PRODUCTS SHIPPED UNDER PUBLIC LAW 480 COMPARED WITH TOTAL EXPORTS OF U.S. FARM PRODUCTS, JULY 1, 1954, THROUGH DEC. 31, 1967.<sup>1</sup>

[Dollar amounts in millions]

Calendar year	Public Law 480			Total agricultural exports						
	Sales for foreign currency	Long-term dollar credit sales	Government donations for disaster relief and economic development	Donations through voluntary relief agencies	Barter	Total, Public Law 480	Mutual security AID <sup>2</sup>	Total Government programs	Commercial sales <sup>3</sup>	Total agricultural exports
1954 July-December										
1955	263			28	20	22	70	211	281	1,304
1956	638			56	186	262	767	351	1,118	1,585
1957	760			65	187	372	1,262	449	1,711	2,081
1958				39	175	244	1,218	318	1,536	3,199
1959				43	159	65	1,019	214	1,233	4,170
1960				32	111	175	1,049	158	1,207	2,459
1961				49	124	117	1,304	157	1,461	4,506
1962				151	181	181	1,304	179	1,483	2,743
1963				1	93	178	137	145	35	3,832
1964				42	81	99	160	74	1,547	3,371
1965				1,162	52	62	123	1,707	23	5,348
1966				1,239	97	73	180	188	1,510	6,229
1967				926	143	226	132	260	1,517	6,881
				820	79	108	187	179	314	6,386
				716				1,504	33	2,121
July 1, 1954 through Dec. 31, 1967	10,906	748	907	2,128	2,534	17,223	2,212	19,435	48,153	67,588
										25

<sup>1</sup> Export market value.

<sup>2</sup> Sales for foreign currency, economic aid, and expenditures under development loans (1964 and 1965), Public Laws 87-195-665 and 165.

<sup>3</sup> Commercial sales for dollars include, in addition to unassisted commercial transactions, shipments of some commodities with governmental assistance in the form of short- and medium-term credit export payments, and sales of Government-owned commodities at less than domestic market prices.

TABLE 4.—GROSS COST OF FINANCING PROGRAMS CARRIED OUT UNDER PUBLIC LAW 480, THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954, AS AMENDED, JULY 1, 1954, THROUGH DEC. 31, 1967

[In millions of dollars]

Fiscal year ending June 30	Title I		Title II—Donations abroad		Title III	
	Sales for for- eign currencies	Long-term credit sales for dollars	Famine and other emer- gency relief	Voluntary agency pro- grams	Bartered mate- rials for sup- plemental stockpile	Total
1955	129.5	-----	86.9	214.5	-----	430.9
1956	624.2	-----	93.6	271.2	-----	989.0
1957	1,396.4	-----	124.9	234.1	217.3	1,972.7
1958	1,144.7	-----	121.4	254.3	83.9	1,604.3
1959	1,113.3	-----	97.9	178.7	314.7	1,704.6
1960	1,308.0	-----	95.5	130.8	192.4	1,726.7
1961	1,557.3	-----	198.6	169.3	200.5	2,125.7
1962	1,606.1	29.0	241.9	191.7	193.3	2,262.0
1963	1,739.4	80.3	215.6	238.8	99.7	2,373.8
1964	1,636.2	65.1	228.2	341.6	37.7	2,308.8
1965	1,505.8	211.0	147.2	174.6	40.6	2,079.2
1966	1,287.8	274.6	222.5	148.3	25.8	1,959.0
1967	1,067.8	221.7	335.9	34.2	32.5	1,692.1
1968 <sup>1</sup>	312.6	123.3	120.0	-----	10.3	566.2
Total	<sup>2</sup> 16,429.1	<sup>3</sup> 1,005.0	<sup>4</sup> 2,330.1	<sup>5</sup> 2,582.1	<sup>6</sup> 1,448.7	23,795.0

<sup>1</sup> Through Dec. 31, 1967.

<sup>2</sup> Represents the gross cost to CCC of financing sales of U.S. agricultural commodities for foreign currencies. Includes commodity and other costs, ocean transportation costs, and interest costs.

<sup>3</sup> Represents the gross cost to CCC of financing long-term dollar credit sales of U.S. agricultural commodities. Includes commodity and other costs, ocean transportation costs, and interest cost. The export value of commodities financed and ocean transportation costs (except ocean freight differential) are repayable by the importing country or private trade entity.

<sup>4</sup> Represents CCC's investment value in commodities made available for donation abroad under title II of Public Law 480, ocean transportation costs for such donations and for commodities donated through voluntary relief agencies, interest costs, and purchase of foreign currencies for use in self-help activities. Also includes gross cost of foreign donations through nonprofit voluntary agencies beginning Jan. 1, 1967.

<sup>5</sup> Represents CCC's acquisition cost value, plus the cost of any processing and packaging performed after acquisition, for commodities donated through nonprofit voluntary agencies under authority in sec. 416, Agricultural Act of 1949. This authority was repealed by the Food for Peace Act of 1966, Public Law 89-808, and such donations consolidated into new title II of such act, effective Jan. 1, 1967.

<sup>6</sup> Represents the value at which bartered materials were transferred to the supplemental stockpile.

TABLE 5.—PUBLIC LAW 489, EXPORTS, VALUE OF COMMODITIES SHIPPED, JULY 1, 1954, THROUGH DEC. 31, 1967

[In thousands of dollars]

Commodity	Sales for foreign currency	Long-term dollar credit sales	Government-to-government donations for disaster relief and economic development	Donations through voluntary relief agencies	Barter	Total, Public Law 480
Grains and products:						
Wheat	5,865,342	410,477	370,711	54,292	920,712	7,621,534
Wheat flour	397,285	19,890	139,948	475,775	32,535	1,065,433
Bulgur	435	15	27,568	72,630	-----	100,648
Rolled wheat			1,827	18,589		20,416
Corn	333,311	52,775	80,871	13,931	372,950	853,838
Barley	166,341	1,885	17,875		94,716	280,817
Grain sorghums	264,591	14,058	22,946	2,131	162,462	466,188
Oats	5,315				25,284	30,599
Rolled oats			2,909	2,281		5,190
Rye	5,878		212		15,530	21,408
Mixed feed grains				183		212
Rye flour						183
Cornmeal	99		14,943	152,844		167,486
Rice	762,973	50,411	29,695	53,062	15,155	911,296
Subtotal						11,545,248
Fats and oils:						
Lard	28,685	294				28,979
Tallow	104,883	12,570				117,453
Soybean oil	741,167	39,907	34,948	116,705	62,940	995,667
Cottonseed oil	229,414	2,584	17,617	45,706	27,118	322,439
Linseed oil	1,112				910	2,022
Vegetable oil, other			1,493	42,539		44,032
Subtotal						1,510,592
Oilseeds and meal:						
Peanuts					898	898
Soybeans		8,661			12,974	21,635
Flaxseed					2,723	2,723
Oilseed meal		2,056			50	2,106
Subtotal						27,362
Dairy products:						
Milk (evaporated and condensed)	90,163	883				91,046
Milk (nonfat dry)	25,073	410	85,028	642,798	12,424	765,733
Milk (whole)	10,923	27				10,950
Milk (dry, modified)	40					40
Cheese	5,718		19,601	166,037	2,812	194,168
Butter	13,575		15,094	92,570	10,941	132,180
Butter oil, anhydrous milk fat, and ghee	8,668	1,578	4,479	130,329		145,054
Other dairy products	130					130
Subtotal						1,339,301
Meat and poultry:						
Beef	38,732					38,732
Pork products	9,953					9,953
Poultry	10,227	58				10,285
Dried eggs	5					5
Subtotal						58,975
Fruits and vegetables:						
Dried fruit	6,920					6,920
Fresh, canned fruits and juices	9,694					9,694
Dry edible beans	5,617		6,751	19,594	2,526	34,488
Potatoes	1,392					1,392
Peas	775	2,136				2,912
Lentils	209					209
Subtotal						55,615
Other:						
Blended foods			2,096	26,103		28,199
Cotton (including linters)	1,413,041	135,382	15,267		456,217	2,019,907
Wool					7,029	7,029
Fabric	142					142
Tobacco	344,810	14,894			308,506	668,210
Cigarettes						868
Seeds	394					394
Subtotal						2,724,749
Total	10,903,033	771,163	911,450	2,127,916	2,548,280	17,261,842

TABLE 6.—PUBLIC LAW 480, EXPDRTS—QUANTITIES OF COMMODITIES SHIPPED, JULY 1, 1954–DEC 31, 1967

[In thousands of units]

Commodity	Unit	Sales for foreign currency	Long-term dollar credit sales	Government to Govern- medt donations for dis- aster relief and economic develop- medt	Donations through voluntary relief agencies	Barter	Total Public Law 480
<b>Grains and products:</b>							
Wheat	Bushel	3,469,290	245,202	203,759	28,864	533,003	4,480,118
Wheat flour	Pound	11,177,876	583,834	3,629,965	10,685,400	965,400	27,042,475
Bulgur	do	13,020	330	568,412	1,649,518	-----	2,231,280
Rolled wheat	do	-----	-----	38,585	377,974	-----	416,559
Corn	Bushel	245,048	38,279	53,548	9,357	282,451	628,683
Barley	do	152,817	1,575	15,926	-----	95,490	265,808
Grain sorghums	do	217,038	11,412	17,440	1,587	145,421	392,898
Oats	do	6,807	-----	-----	-----	41,961	48,768
Rolled oats	Pound	-----	-----	42,988	34,444	-----	77,432
Rye	Bushel	4,737	-----	-----	-----	14,265	19,002
Mixed feed grains	Pound	-----	3,943	-----	-----	-----	3,943
Rye flour	do	-----	-----	1,100	-----	-----	1,100
Cornmeal	do	2,600	-----	390,574	3,819,200	-----	4,212,374
Rice	Hundred-weight.	125,963	7,728	4,752	7,361	4,444	150,248
<b>Fats and oils:</b>							
Lard	Pound	204,835	2,526	-----	-----	-----	207,361
Tallow	do	1,320,591	150,416	-----	-----	-----	1,471,007
Soybean oil	do	5,893,222	369,898	218,834	687,794	487,825	7,657,573
Cottonseed oil	do	1,595,955	23,542	87,921	267,516	202,199	2,177,133
Linseed oil	do	7,491	-----	-----	-----	8,083	15,574
Vegetable oil, other	do	-----	-----	7,485	235,711	-----	243,196
<b>Dilseeds and meal:</b>							
Peanuts	do	-----	-----	-----	9,169	-----	9,169
Soybeans	Bushel	-----	3,316	-----	-----	5,932	9,248
Flaxseed	do	-----	-----	-----	-----	897	897
Dilseed meal	Pound	-----	54,776	-----	-----	2,403	57,179
<b>Dairy products:</b>							
Milk (evaporated and condensed)	do	415,892	4,700	-----	-----	-----	420,592
Milk (nonfat dry)	do	279,176	6,613	634,328	5,761,554	179,958	6,861,629
Milk (whole)	do	20,737	48	-----	-----	-----	20,785
Milk (dry, modified)	do	-----	55	-----	-----	-----	55
Cheese	do	20,679	-----	66,688	616,548	9,836	713,751
Butter	do	34,073	-----	34,952	227,408	34,181	330,614
Butter oil, anhydrous milk fat, and ghee	do	16,951	3,862	9,209	309,617	-----	339,639
Other dairy products	do	2,001	-----	-----	-----	-----	2,001
<b>Meat and poultry:</b>							
Beef	do	118,638	-----	-----	-----	-----	118,638
Pork products	do	19,991	-----	-----	-----	-----	19,991
Poultry	do	35,435	198	-----	-----	-----	35,633
Dried eggs	do	4	-----	-----	-----	-----	4
<b>Fruits and vegetables:</b>							
Dried fruits	do	44,896	-----	-----	-----	-----	44,896
Fresh canned fruits and juices	do	101,885	-----	-----	-----	-----	101,885
Dry edible beans	Hundred-weight.	710	-----	986	2,919	566	5,181
Potatoes	Pound	50,822	-----	-----	-----	-----	50,822
Peas	Hundred-weight.	149	292	-----	-----	-----	441
Lentils	do	24	-----	-----	-----	-----	24
<b>Other:</b>							
Blended foods	Pound	-----	-----	23,119	291,137	-----	314,256
Cotton (including linters)	Bale	10,134	1,090	99	-----	3,682	15,005
Wool	Pound	-----	-----	-----	-----	11,976	11,976
Fabric	do	454	-----	-----	-----	-----	454
Tobacco	do	477,647	17,042	-----	-----	429,452	924,141
Cigarettes	Number	-----	-----	-----	-----	435,011	435,011
Seeds	Hundred-weight.	10	-----	-----	-----	-----	10
Total	Metric ton	127,571	9,214	10,588	12,852	30,864	191,089

TABLE 7.—VALUE OF U.S. AGRICULTURAL EXPORTS UNDER SPECIFIED GOVERNMENT-FINANCED PROGRAMS, EXPORTS OUTSIDE SPECIFIED GOVERNMENT-FINANCED PROGRAMS AND TOTAL AGRICULTURAL EXPORTS, FISCAL YEARS 1954-55 THROUGH 1966-67, BY COUNTRY OF DESTINATION

[In millions of dollars]

Guinea	13.4	11.9	2.2	(e)	1.9	1.5	13.6	.8	14.4
Kenya	7	1.3	—	—	1.9	1.3	17.5	3.5	21.4
Liberia	—	—	—	—	5.3	3	3.5	3.5	67.2
Libya	—	—	13.2	—	5.3	18.8	2	19.0	35.5
Morocco	50.7	13.5	55.5	52.8	15.1	187.6	53.6	241.2	317.3
Mozambique	—	—	—	—	4.6	4.6	4.6	4.6	13.0
Nigeria	—	—	—	—	3.1	3.0	6.1	6.1	112.1
South Africa, Republic of	—	—	—	—	3.1	13.3	17.8	17.8	284.8
Sudan	23.9	—	3.3	—	7.7	4.4	29.0	29.0	43.4
Tunisia	72.2	19.7	—	—	6.7	4.2	155.7	6.0	186.7
Western Africa, n.e.c.	—	—	—	—	7.1	4.8	38.3	7.0	69.7
Zambia, Southern Rhodesia and Malawi	8	—	—	—	1.1	1.1	24.7	.1	15.6
Other African countries	—	1.9	7.5	4.2	9.0	2.1	—	—	64.0
<hr/>									
Near East and South Asia (total)									
Afghanistan	.9	1.3	30.5	.9	{3}	{3}	33.6	.5	34.1
Bahrain	—	—	—	—	(e)	(e)	—	—	3.5
Ceylon	29.6	—	5.8	—	30.3	1.3	67.0	2.2	13.2
Greece	118.8	25.3	1.4	86.4	20.0	251.9	82.3	334.2	93.4
India	3,323.5	53.3	30.7	220.6	79.8	3,654.6	67.8	3,722.4	405.1
Iran	—	20.0	13.5	16.0	9	103.7	2.2	105.9	3,903.2
Iraq	—	12.5	2.0	13.0	3.6	21.1	—	21.1	223.8
Israel	—	7.5	.5	9.5	68.7	387.8	86.0	43.8	50.9
Jordan	5.6	1.5	24.0	12.8	1.7	45.6	(e)	45.6	289.8
Kuwait	—	—	—	—	1.1	—	—	—	763.6
Lebanon	7	—	7.8	1.5	5.3	5.3	—	—	108.9
Pakistan	—	—	54.8	37.2	2.8	1,078.4	19.0	1,097.4	39.3
Saudi Arabia	983.6	—	—	—	—	—	—	—	135.4
Syrian Arab Republic	—	—	—	—	—	—	—	—	1,167.0
Turkey	32.6	4	14.7	1.0	7.8	56.5	—	56.5	69.6
U.A.R. (Egypt)	465.4	—	15.1	23.6	20.1	524.2	39.9	564.1	143.9
Other Near East and South Asia	757.0	12.7	12.2	116.6	26.1	924.6	10.3	934.9	586.9
—	1.9	—	4.9	1.0	2.3	10.1	—	10.1	1,163.4
—	—	—	—	—	—	—	—	—	30.7
Far East and Pacific (total)	—	545.3	100.4	156.6	382.1	417.1	2,601.5	758.1	3,359.6
Australia	8.2	—	—	—	2.6	10.4	10.4	—	438.7
Burma	—	—	—	—	—	17.9	28.7	—	449.1
French Pacific Islands	—	—	—	—	—	—	—	—	35.4
Hong Kong	13.3	35.7	1.3	27.8	15.6	58.0	1.2	58.0	13.4
Indonesia	199.7	—	1.6	14.1	7.7	258.8	—	260.0	486.2
Japan	212.6	(3)	22.1	15.9	217.0	467.6	26.1	493.7	319.5
Korea, Republic of	507.3	—	60.8	117.1	34.6	719.8	—	981.0	1,160.8
Malaysia	—	—	8.1	4.1	7.7	14.9	—	14.9	118.0
Nansen and Naipo Islands	—	—	—	—	—	28.1	—	28.1	124.3
New Zealand and Western Samoa	—	—	52.3	2.6	1.3	1.2	1.2	1.2	91.2
Philippines	—	—	191.1	54.0	14.9	52.2	150.3	86.5	802.1
Taiwan	4.1	—	—	(e)	—	41.9	377.7	267.4	855.2
Thailand	—	—	—	—	—	54.8	9.5	9.5	152.6
Territory of the Pacific Islands	—	—	—	—	—	4.5	(e)	—	162.1
Vietnam, Laos and Cambodia	355.4	—	47.7	—	1.0	—	1.0	—	14.3
Vietnam, Laos and Cambodia	210	—	—	—	—	—	434.7	69.8	526.5
Other Far East and Pacific	—	1.3	—	—	—	—	—	—	84.7
—	—	—	—	—	—	—	—	—	13.4
—	—	—	—	—	—	—	—	—	35.0

See footnotes at end of table, p. 15.

TABLE 7.—VALUE OF U.S. AGRICULTURAL EXPORTS UNDER SPECIFIED GOVERNMENT-FINANCED PROGRAMS, EXPORTS OUTSIDE SPECIFIED GOVERNMENT-FINANCED PROGRAMS AND TOTAL AGRICULTURAL EXPORTS, FISCAL YEARS 1954-55 THROUGH 1966-67, BY COUNTRY OF DESTINATION—Continued

[in millions of dollars]

Canada		3.7	3.7	3.7	6,023.2
Other North America		.1	.1	.1	.3
Country of destination not reported (total)					
	78.7				
Total all countries	10,588.1	646.3	870.5	2,079.6	2,373.9

<sup>1</sup> Estimated export market value.  
<sup>2</sup> Under local currency and long-term dollar credit agreements, raw cotton was exported to 3d countries for processing. In exchange, processed goods were exported to agreement countries. Exports of cotton under these triangular arrangements are included in exports to the processing country and excluded from exports to the agreement country.

<sup>3</sup> Less than \$50,000.  
<sup>4</sup> Wheat valued at \$4,444,000 was sold to Spain for resale to Switzerland for financing procurement of Swiss goods by Spain. The above value is shown under local currency exports to Switzerland and is not included in the value shown for Spain.

<sup>5</sup> Included Kenya prior to 1964-65.

<sup>6</sup> Data for 1964-65 and 1965-66. Included in Western Equatorial Africa during prior years.

<sup>7</sup> Data for 1964-65 and 1965-66. Included in British East Africa and Tanganyika during prior years.

<sup>8</sup> Federation of Rhodesia in Southern Rhodesia and Nyasaland prior to 1964-65.

<sup>9</sup> Malaysia includes Federation of Malaya and Singapore, State of British Borneo. Prior to 1958-59 was known as British Malaya.

<sup>10</sup> Vietnam, Laos, and Cambodia (Indochina) prior to Jan. 1, 1958.

Local currency Dollar credit (value in thousands of dollars)	Dollar credit
<b>Agreement country:</b>	
Burma	35,867
Iceland	822
Indonesia	74,602
Pakistan	21,000
Sierra Leone	2,146
Viet Nam	
Total	134,437
<b>Processing country:</b>	
Belgium	695
Finland	822
France	423
West Germany	4,897
Hong Kong	13,257
India	9,516
Italy	1,174
Japan	77,529
Lebanon	741
Netherlands	972
Pakistan	697
Philippines	1,851
Singapore (Included in other)	1,286
Switzerland	1,991
Taiwan (China)	2,146
United Kingdom	14,150
Yugoslavia	3,290
Total	134,437
	10,604

TABLE 8.—U.S. AGRICULTURAL EXPORTS UNDER SPECIFIED GOVERNMENT-FINANCED PROGRAMS, EXPORTS OUTSIDE SPECIFIED GOVERNMENT-FINANCED PROGRAMS, AND TOTAL AGRICULTURAL EXPORTS—VALUE BY COMMODITY, YEAR ENDING JUNE 30, 1967

[In millions of dollars]

Commodity	Public Law 480			Mutual security AID			Under specified Government programs			Total agricultural exports		
	Sales for foreign currency	Long-term dollar credit sales	Government-to-government donations for disaster relief and economic development	Barter	Donations through voluntary relief agencies	All	Outside specified Government programs	Outside Government programs	All	Under specified Government programs	Total agricultural exports	
Wheat	351.4	66.5	31.3	9.4	114.8	3.4	576.8	604.2	1,181.0	64.0	140.8	
Wheat flour	23.9	1.5	16.0	21.5	3.9	—	—	—	—	—	728.3	
Corn	35.2	8.5	8.4	6	14.5	.2	67.4	66.0	9	338.2	321.5	
Grain sorghums	115.0	4.3	8.4	1.7	7.2	—	136.6	136.6	—	50.4	54.0	
Bailey	3.6	—	—	—	—	—	3.6	3.6	—	—	12.6	
Oats	—	—	—	—	—	—	—	—	—	—	—	
Conmeal	—	—	—	—	—	—	—	—	—	—	23.4	
Wheat cereal foods to be cooked	—	—	—	—	—	—	—	—	—	—	—	
Oatmeal, groats, and rolled oats	117.2	19.4	—	—	—	—	—	—	—	—	—	
Rice, milled	69.9	38.0	—	—	—	—	—	—	—	—	—	
Cotton	15.4	4.0	—	—	—	—	—	—	—	—	—	
Tobacco, unmanufactured	—	—	—	—	—	—	—	—	—	—	—	
Peanuts	—	—	—	—	—	—	—	—	—	—	—	
Soybeans	—	—	—	—	—	—	—	—	—	—	—	
Cottonseed oil	—	—	—	—	—	—	—	—	—	—	—	
Soybean oil	—	—	—	—	—	—	—	—	—	—	—	
Sap stock and fatty acids	—	—	—	—	—	—	—	—	—	—	—	
Vegetable oils, n.e.c.	—	—	—	—	—	—	—	—	—	—	—	
Feeds and fodders (including oil cake and meal)	—	—	—	—	—	—	—	—	—	—	—	
Milk:	—	—	—	—	—	—	—	—	—	—	—	
Evaporated and condensed	17.6	—	—	—	—	—	—	—	—	—	—	
Whole dried	.2	—	—	—	—	—	—	—	—	—	—	
Nonfat dry	.6	—	—	—	—	—	—	—	—	—	—	
Cheese	—	—	—	—	—	—	—	—	—	—	—	
Infants' and dietary foods	—	—	—	—	—	—	—	—	—	—	—	
Tallow, edible and inedible	—	—	—	—	—	—	—	—	—	—	—	
Eggs, in the shell	—	—	—	—	—	—	—	—	—	—	—	
Cattle	—	—	—	—	—	—	—	—	—	—	—	
Hides and skins	—	—	—	—	—	—	—	—	—	—	—	
Beans, dry edible	—	—	—	—	—	—	—	—	—	—	—	
Seeds (except oilseeds)	—	—	—	—	—	—	—	—	—	—	—	
Essential oils	—	—	—	—	—	—	—	—	—	—	—	
Sugar and sugar products (except molasses)	—	—	—	—	—	—	—	—	—	—	—	
Other agricultural exports	—	—	—	—	—	—	—	—	—	—	—	
Total, agricultural exports	803.5	177.2	109.9	157.4	292.6	37.3	1,577.9	5,188.5	6,766.4	—	—	

TABLE 9.—U.S. AGRICULTURAL EXPORTS UNDER SPECIFIED GOVERNMENT-FINANCED PROGRAMS, EXPORTS OUTSIDE SPECIFIED GOVERNMENT-FINANCED PROGRAMS, AND TOTAL AGRICULTURAL EXPORTS: QUANTITY BY COMMODITY, YEAR ENDING JUNE 30, 1967

[In thousands]

Commodity	Unit	Public Law 480			Total agricultural exports			
		Sales for foreign currency	Long-term dollar credit sales	Government-to-Government donations for disaster relief and economic development	Barter	Mutual security aid	Under specified Government programs	Outside specified Government programs
Wheat	Bushel	200,540	37,817	15,566	4,643	64,986	1,451	325,003
Wheat flour	Hundred-weight	6,324	333	3,698	4,884	1,038	16,277	13,553
Corn	Bushel	23,595	5,627	5,082	354	9,717	115	44,491
Grain sorghums	do	88,829	3,590	5,906	1,266	5,504	105,085	175,706
Bailey	do	2,945	—	—	—	—	2,945	39,914
Oats	Hundred-weight	—	—	—	—	—	—	42,859
Cornmeal	Pound	—	—	—	—	—	—	16,691
Wheat cereal foods to be cooked	Pound	—	—	—	—	—	—	16,739
Oatmeal, groats, and rolled oats	Pound	16,286	2,763	—	—	—	—	1,441
Rice, milled	Hundred-weight	—	—	—	—	—	—	5,176
Cotton, running bale	Bale	579	497	—	—	—	—	—
Tobacco, unmanufactured	Pound	20,836	5,506	—	—	—	—	—
Peanuts	do	—	—	—	—	—	—	—
Soybeans	Bushel	—	—	—	—	—	—	—
Cottonseed oil	Pound	373,184	110,168	59,622	212,629	38,490	583	39,073
Soybean oil	do	—	—	—	152,285	—	—	91,792
Soap, stock, and fatty acids	do	—	—	—	—	775	775	32,449
Vegetables, oils, not elsewhere classified	do	—	—	—	—	1,867	1,867	1,867
Milk, evaporated and condensed	do	—	—	—	—	302	74,417	254,895
Milk, whole dried	do	—	—	—	—	1,395	1,395	38,147
Milk, nonfat dry	do	—	—	—	—	141	301,578	71,375
Cheese	do	2,037	—	92,664	206,736	96	96	76,211
Infants' and dietary foods	do	—	—	—	—	1,052	194,892	5,803
Tallow, edible and inedible	do	—	—	—	—	89,427	89,427	5,803
Eggs, in the shell	Dozen	138,781	28,525	21,825	172,015	—	—	—
Cattle	Number	—	—	—	—	180	180	180
Hides and skins	do	—	—	—	—	—	—	—
Beans, dry edible	Hundred-weight	—	—	—	—	—	32	32
Seeds (except oilseeds)	do	—	—	—	—	—	—	—
Essential oils	Pound	—	—	—	—	—	—	—
Sugar and sugar products (except molasses)	do	—	—	—	—	—	—	—

## ACTIVITIES UNDER TITLES I, II, AND III

### TITLE I—FOREIGN CURRENCY AND DOLLAR CREDIT SALES

Since the beginning of Public Law 480 in 1954, through December 31, 1967, agreements with foreign countries were signed under title I (foreign currency and credit sales), totaling about \$18 billion at estimated Commodity Credit Corporation cost. The estimated market value of the agricultural commodities amounted to \$12.4 billion. (See tables 3 and 4 and table 12.)

These agreements called for shipment of about 4.1 billion bushels of wheat and wheat flour equivalent, 756.8 million bushels of feed grains, 143 million hundredweight of rice, 12.3 million bales of cotton, 886.6 million pounds of dairy products, 10.1 billion pounds of fats and oils, 39.5 million pounds of poultry, 139.4 million pounds of meat, about 193.7 million pounds of fruits and vegetables, and about 2.1 million hundredweight of dry edible beans.

Currencies generated from the sale of these agricultural commodities are deposited to the account of the U.S. Treasury in the country of purchase with the exceptions of some portions which are required to be converted to foreign exchange for certain uses. These currencies may be expended only in the countries to which the commodities are sold. Section 104 of the law authorizes the various uses for which the currencies may be utilized and the sales agreements specify the particular uses for which currencies accruing under each agreement are to be available. Under the agreements signed since its inception through December 31, 1967, 10.4 percent were used for common defense, 14.9 percent for grants for economic development, 4.9 percent for loans to private enterprise, 46.3 percent for loans to foreign governments, 0.3 percent for grants for family welfare and purchasing of goods or services for friendly nations, and 23.2 percent for other U.S. uses. Included in the last category are such purposes as payment of U.S. embassy expenses, agricultural market development programs, the educational exchange program, and various other activities sponsored by this country. To this degree the use of Public Law 480 currencies for these purposes reduces the dollar expenditures which would otherwise be necessary and to that extent has a favorable effect on the U.S. balance-of-payments position.

Various governmental agencies are responsible for the administration and expenditure of foreign currencies generated by title I sales and made available under section 104 (table 10).

*TABLE 10.—Uses of foreign currency under sec. 104 and responsible agency*

	<i>Purpose</i>	<i>Responsible agency</i>
(a) For payment of U.S. obligations-----		Treasury, USIA, Department of Defense, Commerce Department, USDA, State Department.
(b) For carrying out programs of U.S. Government:		
(1) Help develop new markets for U.S. agricultural commodities-----		USDA, Commerce.
(2) Finance international educational and cultural exchange activities-----		Department of State, HEW.

TABLE 10.—*Uses of foreign currency under sec. 104 and responsible agency—Con.*

<i>Purpose</i>	<i>Responsible agency</i>
(b) For carrying out programs of U.S. Government—Continued	
(3) Collect, collate, translate, abstract, and disseminate scientific and technological information, and conduct research and support scientific activities overseas-----	USDA, Interior, HEW, National Science Foundation, Commerce, Smithsonian Institution.
(4) Acquire, furnish, and maintain buildings and grounds abroad for U.S. Government-----	Department of State.
(5) Finance acquisition, analysis, evaluation, registry, indexing, binding, reproduction, cataloging, abstracting, periodicals, and related material-----	Library of Congress.
(c) To procure equipment, material, facilities, and services for common defense including internal security-----	Department of Defense, AID.
(d) For assistance to meet emergency or extraordinary relief requirements-----	AID.
(e) For loans to private business firms-----	AID.
(f) To promote multilateral trade, agricultural, and other economic development; assist programs to promote, increase, or improve food production, processing, distribution, or marketing in food-deficit friendly countries.	AID.
(g) For purchase of goods or services for other friendly countries.	AID.
(h) For financing, on request, programs in maternal welfare, child health, and population growth.	AID.
(i) For programs authorized under section 406 of Public Law 480, for food-production assistance (maximum fiscal year appropriation \$33 million.)	None.
(j) For sale for dollars to U.S. citizens and non-profit organizations for travel or other purposes of currencies in excess of U.S. Government needs.	Treasury Department.

The following tables show dollar receipts to the U.S. Government generated under title I of Public Law 480 (table 11) and the value of all commodities programmed under title I since 1954 (table 12).

TABLE 11.—PUBLIC LAW 480: DOLLAR RECEIPTS FROM SALES OF FOREIGN CURRENCIES, HOUSING PAYMENTS, AND LOAN PAYMENTS—INCEPTION OF PROGRAM THROUGH JUNE 30, 1967

[In millions of dollars]

Fiscal year	Foreign currency	Long-term credit	Total
1956-----	9.5	-----	9.5
1957-----	58.5	-----	58.5
1958-----	71.5	-----	71.5
1959-----	91.2	-----	91.2
1960-----	76.0	-----	76.0
1961-----	102.6	-----	102.6
1962-----	151.3	-----	151.3
1963-----	256.3	0.1	256.4
1964-----	220.9	4.7	225.6
1965-----	212.4	10.8	223.2
1966-----	150.0	41.1	191.1
1967-----	174.4	44.8	219.2
Total, 1956-67-----	1,574.6	101.5	1,676.1
1968 (estimate)-----	302.0	80.0	382.0

Source: S. Rept. 1066, 90th Cong., p. 4.

TABLE 12.—TITLE I, PUBLIC LAW 480 VALUE OF COMMODITIES PROGRAMED UNDER AGREEMENTS SIGNED JULY 1, 1954, THROUGH DEC. 31, 1967 (BY COUNTRY OF DESTINATION)  
[In millions of dollars]

Area and country								Total				
	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Other	Market value	Ocean transport <sup>1</sup>	Market value including O.T.	Estimated CCC cost including O.T.
Europe (total)	895.0	168.3	3.2	526.5	126.9	3.7	443.2	40.4	2,207.2	173.5	2,380.7	3,113.2
Austria	6.9	15.7	-	9.5	4.8	-	2.4	0.2	39.5	3.3	42.8	60.1
Finland	10.5	2.3	-	11.3	14.4	-	2.6	41.1	2.1	43.2	56.5	47.3
France	-	-	-	23.0	12.6	-	-	-	35.6	.1	35.7	47.3
Germany	-	-	-	-	-	-	-	-	1.2	1.2	1.2	1.2
Iceland	-	-	-	-	-	-	-	-	21.2	1.3	22.4	25.9
Italy	-	-	-	-	-	-	-	-	104.0	4.6	144.6	184.3
Netherlands	-	-	-	-	-	-	-	-	2	2	2	3
Poland	250.5	66.1	2.9	124.4	6.7	3.2	44.4	-	498.2	36.7	536.9	749.2
Portugal	27.8	-	-	-	-	-	-	-	27.8	3.3	31.1	45.0
Spain	318.2	73.2	-	4118.8	24.7	-	246.9	19.2	501.0	26.8	527.8	590.9
United Kingdom	537.4	-	-	161.5	38.0	-	10.1	48.1	48.1	48.5	48.5	48.5
Yugoslavia	-	-	-	-	-	.5	112.2	5.8	853.4	92.9	946.3	1,304.0
Africa (total)	196.8	43.3	58.4	37.8	23.3	13.6	53.0	4.0	430.2	35.1	459.3	565.3
Algeria	11.2	-	-	-	-	-	-	-	11.2	.6	11.8	15.2
Congo	31.6	5.1	21.8	13.9	19.9	11.7	-	4.0	108.0	7.7	115.7	141.1
Ghana	3.0	.5	6.9	2.9	2.6	-	2.2	-	18.1	-	18.1	21.8
Ethiopia	-	6.6	-	6.6	-	-	-	-	7.2	-	.7	10.9
EACSO	2.5	-	-	-	-	-	-	-	2.5	.6	3.1	3.7
Guinea	6.7	.1	16.0	2.2	-	1.9	4.5	.4	31.4	3.0	34.4	46.3
Ivory Coast	-	-	7.8	-	-	-	-	-	8.2	.8	9.0	12.3
Kenya	.1	11.8	-	-	-	-	-	-	11.9	.3	12.2	13.9
Liberia	.1	.2	1.9	-	-	-	-	-	2.2	.2	2.4	2.9
Mali	.6	-	-	-	-	-	-	-	6.6	.6	.6	.9
Morocco	72.7	-	-	-	-	-	-	-	91.2	8.0	97.5	116.5

Senegal	.2		3.1				3.1		.2	3.3		5.1
Sierra Leone	24.0	11.0	.9	.2	.1		1.4		1.5	39.9	49.6	2.2
Sudan	43.5	14.6					35.5		4.4	105.1	122.9	2.9
Tunisia				4.8	.5		97.7		8.5			
Near East-South Asia (total)	4,715.3	598.3	322.0	421.5	92.7	50.2	620.2	32.2	6,852.4	957.0	7,636.7	10,225.9
Afghanistan	4.1		.7	11.7			2.3		6.4	.9	7.3	7.5
Caylon	24.4								36.8	6.9	43.4	61.2
Cyprus	1.9								1.9	6.4	2.3	2.9
Greece	37.3	73.8							145.6	16.9	162.5	197.2
India	2,810.9	267.9	217.2	364.1	16.4	4.4	30.1		3,773.4	586.8	4,213.6	5,714.4
Iran	71.5	2.7							78.1	16.4	94.5	128.3
Iraq	11.3								12.5	2.3	14.8	20.2
Israel	103.6	143.1	4.4	5.5	2.1	20.6	42.1	15.4	336.8	35.6	369.9	470.1
Jordan	5.8	1.6							7.4	1.2	8.6	10.7
Pakistan	764.9	26.5	78.4	51.9	20.8	11.6	229.8		1,183.9	150.0	1,314.9	1,718.2
Syrian Arab Republic	264.4	4.6	1.5		.6				33.1	5.2	38.3	55.0
Turkey	284.8	22.4	3.5						465.4	49.7	512.4	693.8
United Arab Republic	568.4	55.0	5.3		51.7	2.6	145.9	6.6			855.0	1,146.4
Far East-Pacific (total)	440.4	75.8	483.4	635.9	121.1	101.5	42.6	8.0	1,908.7	130.9	2,032.0	2,648.9
Burma												
Indonesia	22.0											
Japan	47.9	13.3	170.8	39.3	2.7	2.0		.1	44.1	1.7	45.8	62.3
Korea	215.1	51.8	13.7	122.7	19.7				335.2	30.7	365.4	535.9
Philippines									135.0	13.5	148.5	201.5
Ryukyu Islands	1.0	3.0	24.3	52.5	7.6				54.5	44.6	589.9	781.5
Thailand				229.6	6.6				61.7	4.1	65.8	88.9
Taiwan	112.3	3.6	5.7	29.6	3.5	1.7			9.3	.7	10.0	13.3
Viet Nam	42.1	3.6	245.4	97.5	26.1	1.7	29.7		4.1	2.7	4.3	4.4
Latin America (total)	721.6	41.9	22.2	58.3	23.6	8.2	95.6	1.4	972.8	100.1	1,072.8	1,468.8
Argentina												
Bolivia	31.6											
Brazil	520.3	.6										
Chile	68.2	6.3										
Colombia	38.5	2.6										
Dominican Republic	.4											
Ecuador	5.6											
El Salvador	.6											
Guatemala												

See footnotes at end of table, p. 22.

TABLE II.—TITLE I, PUBLIC LAW 480 VALUE OF COMMODITIES PROGRAMMED UNDER AGREEMENTS SIGNED JULY 1, 1954, THROUGH DEC. 31, 1967 (BY COUNTRY OF DESTINATION)—Con.  
[In millions of dollars]

Area and country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Other	Total		Estimated CCC cost including O.T.
									Market value	Ocean transportation	
<b>Latin America (total) — Continued</b>											
Mexico	18.4	24.6							24.6	1.0	25.6
Paraguay	25.4	9.9							19.3	3.3	22.6
Peru	12.6	7.2							40.1	3.1	31.1
Uruguay									34.5	2.9	33.2
<b>Grand total</b>	<b>6,969.1</b>	<b>5,927.6</b>	<b>889.2</b>	<b>1,680.0</b>	<b>387.8</b>	<b>6 177.2</b>	<b>7 1,254.6</b>	<b>8 86.0</b>	<b>12,371.5</b>	<b>1,396.4</b>	<b>9 13,581.5</b>
<b>1 Includes ocean transportation to be disbursed by CCC.</b>											
<b>2 \$50,000 or less.</b>											
<b>3 \$4,400,000 of wheat sold to Spain for resale to Switzerland or financing of Swiss goods in Spain.</b>											
<b>4 Includes \$300,000 cotton linters; \$6,600,000 extra-long staple.</b>											
<b>5 Includes:</b>											
Corn						\$439,500,000					
Oats						5,300,000					
Barley						164,900,000					
Grain sorghums						311,800,000					
Rye						5,900,000					
Mixed feed						200,000					
Total						927,600,000					
<b>6 Includes:</b>											
Canned milk						\$1,400,000					
Anhydrous milkfat						3,900,000					
Condensed milk						91,300,000					
Dry whole milk						11,500,000					
Nonfat dry milk						31,900,000					
Evaporated milk						9,200,000					
Butter oil/ghee						22,100,000					
Cheese						5,300,000					
Whey						100,000					
Total						177,200,000					
<b>7 Includes:</b>											
Cottonseed and/or soybean oil											\$1,080,500,000
Linseed oil											1,100,000
Lard											28,900,000
Tallow											133,300,000
Soybeans											8,700,000
Soybean meal											2,100,000
Total											1,254,600,000
<b>8 Includes:</b>											
Fruit:											
Austria											
Burma											
Congo											
Finland											
Iceland											
India											
Israel											
Kingdom, United											
Latvia											
Yugoslavia											
Seeds: Chile											
Potatoes: Spain											1,400,000
Poultry:											
Germany, Italy, Turkey, Spain, United Arab Republic, Congo											11,200,000
Beef:											
Spain, Israel, Turkey, United Arab Republic											
Spain, Korea, Spain											
Pork: Korea, Spain											
Beans and peas, lentils:											
Israel, Spain, Yugoslavia, Pakistan, Congo, United Arab Republic, Brazil											
Eggs: Pakistan											
Total											86,000,000

<sup>1</sup> Includes ocean transportation to be disbursed by CCC.  
<sup>2</sup> \$50,000 or less.  
<sup>3</sup> \$4,400,000 of wheat sold to Spain for resale to Switzerland or financing of Swiss goods in Spain.  
<sup>4</sup> Includes \$300,000 cotton linters; \$6,600,000 extra-long staple.  
<sup>5</sup> Includes:

Corn  
Oats  
Barley  
Grain sorghums  
Rye  
Mixed feed

Total  
6 Includes:  
Canned milk  
Anhydrous milkfat  
Condensed milk  
Dry whole milk  
Nonfat dry milk  
Evaporated milk  
Butter oil/ghee  
Cheese  
Whey

<sup>7</sup> Includes:  
Cottonseed and/or soybean oil  
Linseed oil  
Lard  
Tallow  
Soybeans  
Soybean meal  
Total  
8 Includes:

Fruit:  
Austria, Burma, Congo, Finland, Iceland, India, Israel, United Kingdom, Yugoslavia  
Seeds: Chile  
Potatoes: Spain

Poultry:  
Germany, Italy, Turkey, Spain, United Arab Republic, Congo

Beef:  
Spain, Israel, Turkey, United Arab Republic

Pork: Korea, Spain  
Beans and peas, lentils:

Israel, Spain, Yugoslavia, Pakistan, Congo, United Arab Republic, Brazil

Eggs: Pakistan

Total

<sup>9</sup> Does not include \$186,400,000 ocean transportation on local currency agreements signed after January 1965, as this amount is charged to CCC cost only.

Note: EACSO/Kenya, Uganda, and Tanzania.

## TITLE II—DONATIONS

Title II authorizes donation of food for famine or other urgent or extraordinary relief and establishes requirements for combating malnutrition especially in children; for promoting economic and community development in friendly developing areas; and for assisting needy persons and nonprofit school lunch and preschool feeding programs abroad. In recent years the assistance to needy persons has been increasingly directed toward community and other self-help activities designed to alleviate the causes of the need for such assistance. Title II programs have also emphasized the utilization of democratic institutions in development programs.

Donated commodities are distributed through three types of cooperating sponsors: friendly governments, international agencies, and U.S. voluntary agencies. Insofar as practicable, all commodities furnished for these programs are clearly identified, by appropriate markings on each package or container in the language of the recipients, as being furnished by the people of the United States of America.

In addition to the cost of acquisition, the Commodity Credit Corporation may pay the costs for enrichment, preservation, and fortification of the commodities as well as the cost of packaging, processing, transportation, handling, and ocean freight.

Up to \$7.5 million may be used each year to purchase foreign currencies accruing under title I to meet selected costs designed to insure more effective use of the donated food. During 1967, programs of assistance were undertaken under title II authority for 2.4 million metric tons of food with a CCC value, including ocean transportation, of \$458 million. This brought to \$5.6 billion the CCC cost of commodities and ocean transportation authorized since the beginning of the program in 1954.

Foreign donation programs are operated by foreign recipient governments under bilateral agreements with the United States; on a multilateral basis by such governments through the world food program (WFP); and under the direction of U.S. voluntary agencies registered with the Advisory Committee on Voluntary Foreign Aid such as CARE, Lutheran World Relief, Catholic Relief Services, Church World Service, and other such organizations, and international organizations such as FAO, United Nations Relief and Works Agency (UNRWA), and the United Nations Children's Emergency Fund (UNICEF).

The U.S. Government provides commodities such as wheat, flour, bulgur, corn, cornmeal, nonfat dry milk, and vegetable oil and pays the costs of ocean transportation or, in the case of landlocked countries, transportation to the point of entry.

The recipient government pays for the costs of handling, warehousing, internal transportation, preparation, and serving (where appropriate). It also often provides equipment and contributes funds for the purchase of other foods, fuel, and processing. It pays the salaries of local administrators, cooks, teachers, and other personnel.

The U.S. voluntary agencies supervise or assist in the supervision of the program, train local personnel, and contribute funds for the purchase of equipment, supplemental foods, and other necessary supplies. Such contributions are made possible by cash contributions to the voluntary agencies from citizens of the United States and other countries.

The Agency for International Development (AID) is responsible for overall supervision of operations of the foreign donation programs to insure effective use of food resources in recipient countries. In each of the countries or territories in which these programs are conducted, an AID employee or the U.S. diplomatic mission provides direct supervision of operations. In addition, AID auditors from Washington and mission comptroller staffs periodically conduct audits to determine that programs are being operated in accordance with agreements, U.S. Government regulations, and accepted practices. Voluntary agency staffs and foreign government personnel also make periodic observations and checks of the programs.

In practice, the cooperating sponsor (foreign government, international organization, or U.S.-registered voluntary agency) develops a program and submits to the U.S. mission a request for the necessary food, based on utilization criteria. The U.S. Government representative reviews and evaluates the request and submits it to Washington with a recommendation. Following analysis in AID/Washington, the program is submitted for approval to the Interagency Staff Committee. On approval, the commodities are made available to the cooperating sponsor.

The following tables show the value of U.S. agricultural commodities donated through government-to-government programs and the world food program (table 13) and through voluntary agencies (table 14) since 1954, and a listing of the number of recipients in fiscal year 1968 (table 15).

TABLE 13.—TITLE II, PUBLIC LAW 480, GOVERNMENT-TO-GOVERNMENT AND WORLD FOOD PROGRAM—VALUE OF COMMODITIES BY AREA AND COUNTRY, JULY 1, 1954,  
THROUGH O.E.C. 31, 1967

[In thousands of dollars]

Area and country	Total	Ocean transporta- tion <sup>1</sup>	Total commodities	Bread grains	Coarse grains	Fats and oils <sup>2</sup>	Dry beans	Commodities			
								Milk and milk products	Blended food	Rice	Raw cotton
Europe (total)	189,986	4,809	185,177	82,806	35,226	14,818	1,592	41,564	-----	730	8,441
Austria	28,145	2,455	25,690	149	25,530	1,995	911	367	-----	11	-----
Czechoslovakia	1,995	-----	1,995	-----	686	-----	81	-----	-----	171	994
Germany, Federal Republic	3,365	-----	3,365	235	389	-----	-----	-----	-----	61	-----
Germany, Soviet-occupied	758	-----	758	236	1,907	2,088	437	3,759	-----	414	-----
Hungary	13,210	-----	12,648	4,043	4,728	10,396	1,155	37,326	-----	-----	3,686
Italy	91,546	1,637	89,909	32,708	-----	-----	-----	-----	-----	-----	3,761
Spain	3,761	-----	3,761	-----	-----	-----	-----	-----	-----	84	-----
Yugoslavia	47,206	155	47,051	45,434	-----	-----	1,432	-----	101	-----	-----
Africa (total)	504,033	64,007	440,026	329,025	68,426	18,701	930	16,022	-----	6,922	-----
Algeria	83,870	9,810	74,060	59,903	-----	12,259	461	1,437	-----	-----	-----
Burundi	263	101	162	34	58	41	-----	-----	-----	29	-----
Central African Republic	541	221	320	98	100	83	-----	3	-----	36	-----
Chad	125	50	75	7	65	1	-----	2	-----	2	-----
Congo	16,277	2,475	13,802	5,389	1,027	565	143	4,279	-----	44	344
Danomey	1,308	254	1,054	362	304	-----	-----	-----	-----	-----	-----
Ethiopia	15,124	4,106	11,018	4,949	6,069	-----	-----	-----	-----	-----	-----
Ghana	605	-----	605	-----	605	-----	-----	-----	-----	1,231	-----
Guinea	1,763	168	1,595	346	18	-----	-----	-----	-----	-----	-----
Kenya	13,029	2,041	10,988	92	7,713	1,004	17	2,162	-----	26	-----
Libya	27,457	2,336	25,121	16,890	8,231	-----	-----	-----	-----	-----	-----
Malagasy Republic	29	3	26	-----	-----	-----	-----	-----	-----	-----	-----
Mali	3,256	1,165	2,091	-----	2,091	13	1	55	-----	-----	-----
Mauritania	105	19	86	17	-----	-----	70	192	808	-----	-----
Morocco	138,707	16,770	121,937	109,894	10,708	265	92	151	-----	-----	-----
Niger	1,546	665	881	23	615	-----	-----	55	-----	-----	-----
Rwanda-Urundi	2,005	700	1,305	700	550	-----	-----	514	-----	-----	-----
Senegal	2,619	1,275	1,344	423	299	108	-----	-----	-----	-----	-----
Somali Republic	4,470	880	3,590	-----	3,590	-----	-----	-----	-----	-----	-----
Sudan	6,527	1,797	4,730	489	4,089	152	-----	9	1,004	-----	-----
Tanzania	13,775	2,180	11,595	138	10,358	60	35	-----	-----	-----	-----
Togo	1,202	300	902	-----	662	221	19	-----	2,114	-----	-----
Tunisia	166,445	15,584	150,861	129,271	9,942	3,300	181	6,053	-----	-----	-----
Uganda	360	56	304	304	304	-----	-----	1,565	-----	-----	-----
Upper Volta	2,615	1,050	1,565	-----	-----	-----	-----	-----	-----	-----	-----

TABLE 13.—TITLE II, PUBLIC LAW 480, GOVERNMENT-TO-GOVERNMENT AND WORLD FOOD PROGRAM—VALUE OF COMMODITIES BY AREA AND COUNTRY, JULY 1, 1954,  
THROUGH DEC. 31, 1967—Continued

[In thousands of dollars]

Area and country	Total	Ocean transporta- tion <sup>1</sup>	Total commodities	Bread grains	Coarse grains	Fats and oils <sup>2</sup>	Commodities		
							Dry beans	Milk and milk products	Blended food
<b>Near East and South Asia (total)</b>									
Afghanistan	627,265	104,903	522,362	405,428	53,589	22,245	106	13,864	22,656
Ceylon	114,057	23,429	90,628	87,358	3,270				4,474
Cyprus	9,289	1,123	8,166	4,821					
Greece	14,853	1,595	13,258	12,357	901				
India	3,526	249	3,277	3,277					
Iran	44,962	9,182	35,780	14,849	7,557	2,556		7,152	
Iraq	31,258	5,882	25,316	19,018	5,587	660		111	
Israel	4,968	1,210	3,758	3,373		258	89		
Jordan	825	100	725	25					
Lebanon	55,816	7,621	48,195	40,860	7,335				
Nepal	16,795	1,282	15,513	14,750	763				
Pakistan	5,192	962	4,230	4,042	73	49	17		
Syrian Arab Republic	101,322	10,860	90,462	59,358	2,887	6,754			
Turkey	27,417	4,867	22,550	18,082	4,468				
United Arab Republic	25,027	1,500	23,527	16,077					
UNRWA (Palestine refugees)	24,348	3,600	20,748						
Yemen	137,550	29,750	107,800	98,813	8,064				
<b>Far East and Pacific (total)</b>									
Cambodia	404,026	69,692	334,334	204,750	51,565	29,445	969	25,664	5,248
China, Republic of	2,343		2,343						
Hong Kong	32,488	4,406	28,082	20,109					
Indonesia	3,857	616	3,241						
Japan	658	220	438	59	271	103			
Korea	36,992	35	36,957	28,946					
Laos	179,226	29,443	149,783	123,695	13,702	558			
Philippines	2,725	658	2,067	401	485	137			
Ryukyu Islands	6,123	1,334	4,789	808	2,412	1,528			
Vietnam	8,349	955	7,394		606				
<b>Latin America (total)</b>									
Bolivia	183,657	26,254	157,403	38,544	28,836	16,675	3,932	61,875	173
Brazil	19,036	532	18,504	10,885	2	1,443	14	608	4,840
British Guiana	97,941	17,109	80,832	14,739	13,054	9,182	48	41,928	2,528
British Honduras	1,071	130	941	177	53			663	
	273		273		22			106	46
									30

Chile	7,233	886	6,347	348	53	193	5,753
Colombia	11	1	10	4	1	3	2
Costa Rica	4,127	636	3,491	939	1,065	926	51
Dominican Republic	5,716	1,124	4,592	38	1,626	676	445
Laos	95	12	83	24	14	14	906
Lebanon	2,804	478	2,326	2,182	45	45	7
Lesotho (Basutoland)	1,319	200	1,119	14	173	305	54
Malawi	118	16	102	14	56	32	641
Mali	846	103	743	24	606	113	
Malta	785	260	525	525			
Mauritania	440	82	358	243	6	109	
Mauritius	724	240	484	484			
Morocco	5,213	608	4,605	3,589	436	309	271
Nepal	222	70	152	152			
Paraguay	104	20	84	40	13	31	
Peru	2,631	479	2,152	888	754	278	
Philippines	986	38	948	95	824	9	
Rwanda	118	20	98	20	78	25	20
Sarawak	32	7	25				
Senegal	667	72	595				
Sudan	2,497	300	2,197	1,436	566		29
Surinam	117	21	96	535	111		115
Syria	8,780	1,797	6,983	3,362	1,939	843	839
Tanzania	1,686	326	1,360	250	745	223	142
Thailand	177	14	163	119			
Togo	339	84	305		178	44	
Trinidad and Tobago	176	12	164	119	4	61	66
Tunisia	3,629	265	3,364	676	2,150	166	18
Turkey	10,323	1,623	8,700	6,063	605	1,375	372
Uganda	1,022	150	872		475	657	
United Arab Republic	5,362	905	4,457	2,070	1,221	149	248
Upper Volta	838		613	128	371	901	265
Vietnam	138	25	113	81	66		48
Zambia	145	22	123	20	51	32	
Christmas Holiday American voluntary relief agencies and international organizations (total)	16,688		16,688	2,306		5,973	1,005
Total <sup>1</sup>	9,554		9,554				9,554
Ocean freight:							18
Title II foreign donations							
Purchase title I currencies							
Grand total (CCC cost) <sup>2</sup>							
Total, title II Government-to-Government and WFP (estimated market value) <sup>1</sup>	2,569,454	761,531	1,807,923	1,123,902	285,277	120,730	8,534
	460,251	460,251	3,698	3,698			
Total <sup>2</sup>	2,105,505	297,582	1,075,062	573,190	196,841	98,999	6,571

<sup>1</sup> Includes transportation to point of entry for landlocked countries.

<sup>2</sup> Includes butter and butter oil.

<sup>3</sup> Excludes approximately \$22,000,000 ocean freight for fiscal years 1955 and 1956 financed under the Mutual Security Act.

<sup>4</sup> Calculated on the ratio of current market prices to CCC cost.

TABLE II, PUBLIC LAW 480, FOREIGN DONATIONS THROUGH VOLUNTARY AGENCIES, QUANTITIES AND VALUE OF SHIPMENTS, FISCAL YEARS 1966 AND 1967, JULY THROUGH DECEMBER 1967, AND CUMULATIVE FROM JULY 1, 1954, THROUGH DEC. 31, 1967

Country	Fiscal year 1966		Fiscal year 1967		July-December 1967		Cumulative July 1, 1954, through Dec. 31, 1967	
	Quantity (thousand pounds)	Value <sup>1</sup> (thousands)	Quantity (thousand pounds)	Value <sup>1</sup> (thousands)	Quantity (thousand pounds)	Value <sup>1</sup> (thousands)	Quantity (thousand pounds)	Value <sup>1</sup> (thousands)
Europe (total)	305,182	\$27,217	150,913	\$13,587	37,143	\$3,500	6,611,567	\$876,747
Austria							86,403	22,670
Belgium							586	194
England							293	123
Finland							3,200	2,160
France							25,921	10,576
Germany							405,189	97,334
Italy	76,744	4,800	23,068	1,415			2,592,569	250,331
Malta	3,226	386	1,031	99	847	88	27,373	5,082
Netherlands							(2)	
Poland	73,294	6,696	50,940	5,017	15,865	1,371	537,548	58,603
Portugal	36,635	3,023	28,364	1,514	12,069	816	441,940	48,827
Spain	60,419	7,591	23,981	3,247	5,789	1,136	963,672	185,360
Trieste	1,894	127						
Yugoslavia	52,970	4,594	23,529	2,295	2,573	89	1,526,063	195,477
Africa (total)	450,084	26,138	531,082	31,931	120,805	8,651	3,322,184	246,796
Algeria	131,719	5,118	230,666	11,375				
Basutoland (Lesotho)	1,521	62	6,120	362	2,678	298	1,126,618	73,120
Belgian Congo							12,328	1,043
Burundi							890	165
Cameroons							9,775	1,458
Canary Islands							4,535	391
Central African Republic							480	18
Chad	51	8	15	3			333	40
Congo	158	25	83	15	73	14	1,121	186
Dahomey	42,920	2,941	40,856	2,682	23,689	61	21,078	16,949
Ethiopia	1,965	89	2,274	122	1,014	61	38,078	2,446
French Equatorial Africa	5,292	345	6,608	403	416	96	37,929	3,445
French West Africa							80	6
Gabon							1,180	239
Gambia							496	239
Ghana	42	7	20	5	309	37	5,201	676
Guinea	1,407	151	1,346	106			66,421	7,199
Ivory Coast	7,747	713	11,089	1,057	6,458	501	128	22
Kenya	25	4	49	5	12	2	1,133	186
Liberia	11,915	24	224	41	117	20	32,149	3,639
Libya	3,076	894	5,670	804	1,889	230	25,787	2,539
		273	3,658	381	750	74	78,358	7,779

Malagasy Republic	9,243	793	4,522	475	34	5	35,456
Malagache Republic	188	29	322	47	72	7	3,294
Malawi	64	10	190	41	88	7	180
Mauritania	58	9	648	32	-	-	21
Morocco	120,839	7,123	90,859	5,434	38,101	2,171	112
Niger	7,780	622	7,526	661	1,184	97	74
Nigeria	-	-	-	-	-	-	752
Nyasaland	-	-	-	-	-	-	5
Rwanda	1,776	181	4,044	291	1,815	94	43
Urundi	39	6	43	6	-	-	636
St. Helena	23,916	937	44,203	1,705	10,583	648	1,597
Senegal	522	53	450	46	185	26	443
Seychelles	-	-	-	-	-	-	771
Sierra Leone	10,807	1,165	9,770	892	3,322	339	1,028
Somalia	3,573	230	1,130	129	-	-	5,977
Somaliland, French	1,353	78	671	35	39	3	26
Sudan	184	29	270	51	65	11	441
Swaziland	213	33	163	25	-	-	78
Tanzania	35,057	2,596	17,475	1,927	12,577	1,140	118
Togo	2,243	164	3,969	220	617	63	047
Tunisia	18,499	1,025	29,310	2,000	11,456	776	5,804
Uganda	439	72	955	122	95	8	5,234
Upper Volta	5,205	317	5,673	395	2,745	182	43
Zanzibar	-	-	-	-	-	-	1,069
<hr/>							
Near East-South Asia (total)							
Aden	149	23	135	26	61	13	806,292
Afghanistan	1,358	212	-	-	-	-	982
Ceylon	46,347	2,908	32,146	2,724	25,184	952	1,688
Cyprus	1,600	102	-	-	-	-	13,123
Egypt	154,684	9,656	124,782	7,596	-	-	1,698
Gaza	1,345	216	1,129	191	2,923	192	43,721
Goa	-	-	-	-	-	-	556,931
Greece	44,732	3,526	9,904	1,673	4,298	675	5,918
India	428,019	29,477	515,715	36,024	177,972	15,865	22,239
Iran	33,844	2,518	3,432	522	4,087	320	1,444
Iraq	790	123	350	73	201	35	1,680,035
Israel	-	-	-	-	-	-	156,703
Israel (W/B Jordan)	8,399	573	5,834	423	2,945	173	14,306
Jordan	25,118	1,473	12,864	904	3,654	132	6,084
Lebanon	702	109	903	156	4,523	295	1,349
Mauritius	397	62	777	120	211	34	132
Nepal	-	-	-	-	-	-	132
Pakistan	28,735	2,080	3,379	611	960	201	53,441
Syria	3,712	379	671	93	-	-	14,740
Turkey	70,010	6,219	40,661	4,397	21,342	2,764	2,119
Yemen	34	5	1,723	91	-	-	34,908
							129

See footnotes at end of table, p. 31.

TABLE 14.—TITLE II, PUBLIC LAW 480, FOREIGN DONATIONS THROUGH VOLUNTARY AGENCIES, QUANTITIES AND VALUE OF SHIPMENTS, FISCAL YEARS 1966 AND 1967, JULY THROUGH DECEMBER 1967, AND CUMULATIVE FROM JULY 1, 1954, THROUGH DEC. 31, 1967.—Continued

Country	Fiscal year 1966			Fiscal year 1967			July-December 1967			Cumulative July 1, 1954, through Dec. 31, 1967		
	Quantity (thousand pounds)	Value <sup>1</sup> (thousands)	Quantity (thousand pounds)	Value <sup>1</sup> (thousands)								
Far East-Pacific (total)	\$27,987	\$35,078	179,135	\$14,159	87,642	\$6,372	5,859,710	\$550,719				
British Solomon Islands	1,168	83	1,925	119	642	34	6,239	527				
Burma	1,799	281	2,303	432	576	97	24,057	4,203				
Cambodia	60	9	39	8	11	1	482	85				
China (Taiwan)	39,989	2,848	11,341	990	9,875	360	939,119	86,315				
Fiji	113	17	68	14	36	6	371	174				
Hong Kong	16,045	1,289	8,335	720	3,267	180	404,328	38,777				
Indonesia	46,618	2,670	25,647	1,311	11,425	646	211,668	21,152				
Japan							194,879	25,308				
Java							60	11				
Korea	209,102	11,227	48,835	2,487	22,570	991	2,070,309	167,643				
Laos	6,823	356	1,399	134	497	19	27,170	3,366				
Macao	5,997	400	1,010	45	1,054	39	54,709	4,711				
Malaysia	11,536	895	7,065	668	5,013	362	35,103	2,835				
Malaya							29,627	4,795				
New Guinea							29,627	4,795				
North Borneo							29,627	4,795				
Philippine Islands	64,201	6,229	40,124	4,501	19,841	-	2,390	1,544				
Ryukyu Islands	32,737	2,111	21,962	1,692	9,416	619	680,306	3,111				
Sarawak							680,306	3,111				
Singapore	1,164	70	1,121	119	656	76	9,144	478				
Thailand	1,024	160	1,431	257	694	120	1,065	267				
Tongo Islands	3,861	269	2,916	235	1,589	124	8,204	1,394				
Vietnam	85,750	6,164	3,614	427	480	108	9,139	690				
Vietnam							868,672	83,417				
Latin America (total)	543,114	49,399	449,275	42,185	183,109	15,855	4,989,509	558,583				
Antigua	126	20	199	34			3,251	567				
Bahama Islands	16	2					921	294				
Bolivia	10,079	799	8,070	943			111,694	18,110				
Brazil	151,633	16,511	132,253	12,281	123	359	945,264	122,669				
British Guiana (Guyana)	1,068	85	1,329	123			35	12,962	1,680			
British Honduras	1,311	106	1,088	123	4	1	17,656	1,982				
Chile	61,313	4,691	44,183	3,828	25,168	1,939	835,725	85,004				
Colombia	52,798	4,898	50,346	5,174	25,181	2,691	671,378	79,012				
Costa Rica	6,964	520	5,157	474	1,384	145		2,924	6,753			
Cuba								42,674	6,753			

Dominica	694	90	811	47	103	10	7,174
Dominican Republic	65,566	5,375	45,199	4,330	9,947	974	293,367
Ecuador	16,341	1,163	19,513	1,829	8,083	646	158,643
El Salvador	20,404	1,615	15,535	1,654	2,871	152	16,887
French Guiana							12,888
French West Indies							93
Grenada	635	58	456	54	321	31	514
Guadeloupe	420	30	766	74	8,148	724	74
Guatemala	10,586	889	16,244	1,924	5,634	343	4,035
Haiti	9,981	717	9,966	694	1,080	122	5,162
Honduras	11,833	669	5,472	583	2,251	132	98,234
Jamaica	16,974	1,559	8,762	855	184	24	11,658
Martinique	324	28	604	79			129,148
Mexico	1,324	57					125,734
Montserrat	77	12	78	12			125,559
Nicaragua	13,239	1,179	4,485	789	1,705	111	5,626
Panama	4,508	468	4,304	638	833	123	15,230
Paraguay	6,534	580	6,669	642	2,589	205	4,527
Peru	24,535	2,564	18,989	1,845	16,375	1,244	516
St. Kitts	285	44	282	47			50,235
St. Lucia	257	40	207	33			180
St. Vincent	190	30	230	40			1,038
Surinam	808	126					67,121
Trinidad and Tabago	399	62	496	103			7,455
Turks and Caicos Islands	38	6	46	7			9,371
Uruguay	6,090	530	6,137	644	2,643	282	57
Venezuela	45,764	3,876	32,389	2,282	1,771	147	4,574
Virgin Islands							22,665
Grand total		2,676,342	197,493	2,055,809	157,486	677,071	28,247,487
Thousand metric tons		1,214,0		932,5		307,1	12,313,0
Estimated CCC cost:							3,039,137

<sup>2</sup> Less than \$500.

TABLE 15.—TITLE II, PUBLIC LAW 480, NUMBER OF RECIPIENTS IN FISCAL YEAR 1968, VOLUNTARY AGENCY FOREIGN DONATION PROGRAMS APPROVED AS OF DEC. 31, 1967

Category	CARE	Catholic Relief Service	Church World Service	UNICEF	Lutheran World Relief	All other agencies	Total
Maternal/child care	2,171,230	3,018,141	198,067	1,283,832	43,800	49,703	6,764,773
Schools	21,538,403	5,605,804	866,367	276,530	113,050	203,042	28,603,196
Other child feeding	1,099,203	407,454	109,750	10,000	10,000	8,625	1,645,032
Economic development	78,262	701,415	25,200	—	900	15,000	820,777
Community development	50,000	1,152,504	580,700	—	186,900	38,026	2,008,130
Educational development	—	61,306	5,300	—	1,800	—	68,406
Health development	3,700	—	—	—	—	—	3,700
Refugees	600	130,332	15,200	—	27,100	364,225	537,457
Institutions	245,756	1,059,729	166,049	—	52,950	34,332	1,558,816
Health cases	64,901	1,167,079	58,500	1,520	13,800	17,821	1,323,621
Other <sup>1</sup>	853,745	2,479,805	164,774	—	88,200	54,855	3,641,379
Total recipients	26,105,800	15,783,569	2,189,907	1,571,882	538,500	785,629	46,975,287

<sup>1</sup> Family individuals and feeding centers.

### TITLE III—BARTER

Authority for barter operations is contained in title III of Public Law 480 and other legislation, principally the Commodity Credit Corporation Charter Act. These legislative authorities presently provide for the export of U.S. agricultural commodities to (1) generate funds to acquire goods and services needed in the overseas operations of other U.S. Government agencies and (2) procure strategic materials for the stockpile. Primary objectives of the barter program are to increase exports of U.S. agricultural commodities and to improve the U.S. balance-of-payments position by financing offshore requirements of U.S. Government agencies with agricultural exports in addition to cash sales.

Barter procurement of goods and services for other U.S. Government agencies has increased significantly since 1963 when program emphasis was shifted from the acquisition of strategic materials for Government stockpiles. USDA is reimbursed in dollars for the value of goods and services procured or financed on behalf of other U.S. agencies.

Under contracts with the Commodity Credit Corporation of the Department of Agriculture, private U.S. business firms accept CCC-owned agricultural commodities, or reimbursement for such commodities from U.S. private stocks. In exchange they finance the procurement of foreign materials and services, or furnish them abroad, for a U.S. Government agency. Among the major provisions of barter contracts are requirements that (1) agricultural commodities be exported to certain eligible foreign countries; (2) barter commodities not be reexported; (3) proof of export to and import into eligible barter destinations be submitted by the contractor; (4) financial coverage in cash or letters of credit be provided if agricultural commodities are acquired before CCC is reimbursed by the procuring agency or strategic materials are delivered; (5) where ocean transportation is necessary for delivery of strategic materials, other materials, goods, and equipment, at least 50 percent be shipped on privately owned U.S.-flag vessels, if they are available at fair and reasonable rates.

In recent years the barter program has been used almost exclusively as an offshore procurement program. Barter contracts signed during

1967 totaled \$315.2 million, the second highest level since the program's inception. Contracting in 1966 was \$273.7 million. The total value of barter contracting since July 1954 reached approximately \$2.6 billion. The use of barter in 1967 to procure \$314.4 million in foreign goods and services needed by other U.S. Government agencies helped improve the U.S. balance-of-payments position by using funds generated by agricultural commodity exports for purchases which otherwise would have resulted in spending U.S. Government dollars abroad. During 1967 USDA received \$289.2 million as reimbursement for goods and services procured on behalf of other U.S. Government agencies.

In summary, barter activities in 1967 involved:

*Procurements for Department of Defense.*—The 1967 Defense contracting total of \$240.9 million was \$73.6 million above the 1966 level. Among the supplies and services being procured abroad for Army, Air Force, and Navy installations in Europe and Asia are cement, base maintenance services, and coal handling and distribution services. Sizable barter procurement arrangements were made to meet the needs of military installations in Belgium, Germany, Italy, Turkey, United Kingdom, Japan, Thailand, Vietnam, and the Philippines.

*Procurements for the Agency for International Development.*—Contracts on behalf of AID in 1967 were valued at \$73.5 million, \$28 million more than in 1966. Of this total, cement and fertilizer (urea) valued at \$11.8 million is being delivered to Vietnam. Fertilizer procurements for India, Pakistan, and Vietnam valued at approximately \$45.5 million will contribute to the self-help efforts of these countries in increasing their food production.

*Acquisition of strategic materials.*—Contracts for strategic materials entered into during 1967 totaled only \$0.8 million. These contracts involved acquisition of selenium and rutile needed to meet deficits in stockpile objectives.

*Agricultural exports.*—In 1967 agricultural commodities valued at \$314.2 million were exported under barter contracts. A total of 128 countries and areas have received agricultural commodities under the barter program since July 1954. The value of these commodities, based on export market prices, is approximately \$2,548.3 million. The following tables show the value of various agricultural commodities exported under barter contracts since 1954 (table 16) and total value of these contracts since 1954 (table 17).

TABLE 16.—TITLE III, PUBLIC LAW 480, AGRICULTURAL COMMODITIES EXPORTED UNDER BARTER CONTRACTS IN SPECIFIED PERIODS

Commodity	Unit	July 1, 1954, through Dec. 31, 1966	Calendar year 1967	Cumulative through Dec. 31, 1967
Wheat <sup>1</sup>	Bushel	1,000 units	1,000 units	1,000 units
Wheat flour <sup>2</sup>	Hundredweight	466,503	84,309	550,812
Corn	Bushel	18	1,825	1,843
Barley	do	267,112	15,339	282,451
Oats	do	95,490	—	95,490
Grain sorghums	Hundredweight	41,961	—	41,961
Soybean oil	Pound	79,067	2,370	81,437
Cottonseed oil	do	401,837	85,988	487,825
Cotton	Bale	164,559	37,640	202,199
Dry milk	Pound	3,335.3	346.4	3,681.7
Butter	do	179,958	—	179,958
Tobacco	do	34,181	—	34,181
Cigarettes	Number	338,015	91,437	429,452
Other <sup>3</sup>	Metric tons	435,011	—	435,011
		792.64	—	792.64
Total quantity (thousand metric tons)		27,813.15	3,050,60	30,863.75
Total value		2,234.1	314.2	2,548.3

<sup>1</sup> Includes 17,809,000,000 bushels of wheat acquired from CCC shipped as wheat flour during the years 1957-66.<sup>2</sup> Wheat flour acquired from U.S. private stocks.<sup>3</sup> Includes rye, soybeans, rice, wool, cheese, flaxseed, linseed oil, dry edible beans, cottonseed meal, and peanuts.TABLE 17.—TITLE III, PUBLIC LAW 480—VALUE OF BARTER CONTRACTS ENTERED INTO AND STRATEGIC MATERIALS DELIVERED OR REIMBURSEMENTS RECEIVED THROUGH DEC. 31, 1967, INCLUDING CALENDAR YEAR 1967<sup>1</sup>

[In millions of dollars]

Type	July 1, 1954-Dec. 31, 1966		Calendar year 1967		Cumulative through Dec. 31, 1967	
	Contracting	Deliveries or reimbursements	Contracting	Deliveries or reimbursements	Contracting	Deliveries or reimbursements
Strategic materials for stockpile: <sup>2</sup>						
Strategic stockpile	151.5	151.5	—	—	151.5	151.5
Supplemental stockpile	1,419.2	1,389.8	.08	28.9	1,420.0	1,418.7
Total	1,570.7	1,541.3	.8	28.9	1,571.5	1,570.2
Procurements for other Government agencies: <sup>2</sup>						
AID	157.5	138.4	73.5	60.9	231.0	199.3
AEC	41.2	37.7	—	2.2	41.2	39.9
DOD	484.2	363.0	240.9	226.1	725.1	589.1
Total	682.9	539.1	314.4	289.2	997.3	828.3
Grand total <sup>3</sup>	2,253.6	2,080.4	315.2	318.1	2,568.8	2,398.5

<sup>1</sup> The table shows the value of strategic materials delivered to CCC by contractors and reimbursements to CCC for procurements for U.S. Government agencies.<sup>2</sup> The figures have been adjusted to reflect transfers to the supplemental stockpile of material valued at \$258,600,000 acquired for the strategic stockpile. Adjustments have also been made to reflect transfers to supplemental stockpile of \$8,800,000 acquired for AEC and \$4,100,000 acquired for Defense.<sup>3</sup> Because barter contracts generally run for periods between 1 and 2 years, the total value of signed contracts and the total value of strategic and other materials delivered and reimbursements received will not be equal at any given date.

## THE COMMITTEE BILL

H.R. 16165 would extend titles I and II of the act for 1 more year, through December 31, 1969. In addition, it would make the following seven changes:

1. The proviso at the end of section 103(b) of the act would be revised so as to require the President to determine the amounts of foreign currency needed for certain uses. These are as follows:
  - 104(a). Payment of U.S. obligations.
  - 104(b)(1). Agricultural market development.

- 104(b)(2). International educational and cultural exchanges.
- 104(b)(3). Translation and dissemination of scientific and technological information.
- 104(b)(4). Lease or rental of buildings.
- 104(b)(5). Foreign books and periodicals.
- 104(c). Common defense grants.
- 104(e). Loans to U.S. business (Cooley loans).
- 104(h). Family planning, maternal welfare, child health and nutrition.

In the case of some non-excess-currency countries where dollar-credit sales are being made, the U.S. Government is at the same time spending dollars in those countries to purchase foreign currencies to pay U.S. Government expenses. The committee feels it would be better to take these amounts in foreign currencies now rather than to wait for payment in dollars in the future. Section 103(b) of the present act contains discretionary authority for the President to make foreign-currency sales when they are needed for this purpose, but it does not make such action mandatory on the part of the executive branch. Under present law these sales might be hard to negotiate since in the case of foreign-currency sales, Commodity Credit Corporation cannot finance the freight on the commodities required to be transported in U.S.-flag vessels.

This amendment would require the President to determine the amounts of foreign currency needed for these U.S. uses and would require the credit sales to provide for payment in such amounts immediately when the commodities are delivered either in dollars or in foreign currencies which could be used to pay U.S. expenses. Since these payments are equivalent to dollar sales, this amendment would make them a part of the credit sales and would permit CCC to finance the ocean freight charges on commodities required to be shipped in U.S. vessels.

2. A new section 103(o) would be added directing the President to take steps to assure that the United States obtains a fair share of any increase in commercial purchases of agricultural commodities by a purchasing country.

The purpose of this amendment is to emphasize the development of commercial markets for American agriculture. If a country is in the stage of graduating from concessional sales to commercial sales, the committee feels that the U.S. farmer and the U.S. taxpayer should be the beneficiary of this new commercial market. The committee does not expect concessional sales to be made in developing nations by the United States and then have the commercial markets taken by our competitors. The term "fair share" in this amendment is not intended to be construed as a constant or declining percentage but rather is to be a growing or increasing amount as the economies of the respective developing nations advance.

The following tables show the amount of commercial and concessional exports in several nations. Table 19 deals exclusively with wheat, the single most important Public Law 480 commodity.

TABLE 18.—U.S. EXPORTS EXCLUDING SPECIAL CATEGORY<sup>1</sup>  
 TOTAL AND ESTIMATED COMMERCIAL AND ECONOMIC ASSISTANCE FINANCED EXPORTS, CALENDAR YEAR  
 [In millions of dollars]

Country and calendar year	Total Exports <sup>1</sup>	Commercial exports <sup>2</sup>	Financed by economic assistance and Public Law 480
		AID	Public Law 480 <sup>3</sup>
<b>Latin America:</b>			
Brazil:			
1960	432.4	403.4	0.2
1966	566.5	337.4	184.7
Chile:			
1960	195.3	185.2	.5
1966	250.2	211.8	22.7
Colombia:			
1960	246.1	235.5	(1)
1966	283.5	234.2	45.3
Dominican Republic:			
1960	41.4	41.4	—
1966	87.5	58.6	24.0
Paraguay:			
1960	8.8	6.8	1.2
1966	19.2	15.9	.6
<b>Near East South Asia:</b>			
Greece:			
1960	63.8	45.9	3.9
1966	137.4	123.6	.7
India:			
1960	643.3	216.2	32.8
1966	929.3	195.0	194.6
Iran:			
1960	117.1	100.5	7.3
1966	182.8	180.5	.7
Israel:			
1960	125.7	77.2	14.7
1966	188.0	143.7	13.2
Turkey:			
1960	126.2	74.3	21.6
1966	178.3	62.0	94.3
<b>Africa:</b>			
Congo (K):			
1960	26.4	16.1	10.0
1966	56.9	27.6	18.6
Ghana:			
1960	17.0	16.5	(1)
1966	52.6	25.4	28.0
Morocco:			
1960	34.1	23.3	6.9
1966	55.6	12.0	12.8
Tunisia:			
1960	21.3	9.6	2.9
1966	43.2	11.8	17.5
<b>East Asia:</b>			
China (Taiwan):			
1960	110.8	49.7	40.5
1966	180.2	122.2	31.8
Korea:			
1960	153.2	28.1	96.6
1966	229.0	116.5	65.0
Philippines:			
1960	297.0	285.5	7.7
1966	342.0	338.5	1.0

<sup>1</sup> F.o.b exports excluding special category. Special category exports are assumed to approximate military exports under MAP; special category exports for 1960 are not strictly comparable with 1966 and are being revised by the Bureau of the Census.

<sup>2</sup> Commercial exports are derived by subtracting economic assistance-financed exports from total exports excluding special category. When the latter are revised for 1960 to achieve comparability with 1966, it will have the effect of increasing both total exports excluding special category and commercial exports for 1960.

<sup>3</sup> Public Law 480 exports cover shipments under titles I, II, III donations, and IV, but exclude title III barter transactions.

<sup>4</sup> Less than \$500,000.

Source: AID.

TABLE 19.—PUBLIC LAW 480 GRADUATES, COMMERCIAL IMPORTS AND U.S. SHARE—WHEAT AND FLOUR

[Commodity figures in thousands of metric tons]

	1964-65	1965-66	1966-67
Japan, total	3,532	3,591	4,382
From the United States	1,654	1,943	2,331
Percent	46.8	54.1	53.2
Taiwan, total	514	391	358
Commercial	330	223	293
From the United States	74	124	259
Percent	32.2	55.6	88.4
Philippines, total	462	586	477
Commercial	438	571	467
From the United States	195	420	377
Percent	44.5	73.6	80.7
Venezuela, total	602	567	620
Commercial	587	556	616
From the United States	275	370	479
Percent	46.8	66.5	77.8
Peru, total	441	602	633
Commercial	426	589	624
From the United States	83	201	232
Percent	19.5	34.1	37.2
Ecuador, total	60	69	66
Commercial	38	54	61
From the United States	6	22	49
Percent	15.8	40.7	80.3

Source: Grain and Feed Division, FAS, Mar. 12, 1968.

3. A new section 103(p) would be added in order to make foreign currencies available for sales to certain U.S. and purchasing country contractors at rates of exchange more favorable than those rates of exchange generally prevailing in the recipient nation. These currencies (up to 50 percent of any future agreement) could be discounted and used only for the payment of wages earned in the development and consummation of local public works projects. It is not the committee's intent that a favorable exchange rate be provided to a foreign industry for the payment of wages for the manufacture of products to be exported to the United States. For example, the committee does not intend Indian rupees to be sold at discount to pay the wages of Indian textile mill workers who manufacture textiles for exportation to this country.

The purpose of this amendment is to help solve our balance-of-payments problem, not to aggravate the competitive wage situation in developing nations. The committee feels that in excess-currency nations especially, this provision holds promise and should be tried.

4. A new section 103(q) would be added in order to permit the convertibility of up to 50 percent of any foreign currencies generated by future title I sales to U.S. importers for the procurement of materials or commodities in the purchasing nation. This provision is also aimed at improving the U.S. balance-of-payments position. While the committee recognizes that foreign nations may feel some reluctance to permit their currencies to be used in this manner, the committee feels that this provision should be tried out in view of our own very serious international financial problem.

The committee wishes to make clear that the language in both subsections (p) and (q) of section 103 is intended to assist in supporting the U.S. balance-of-payments situation, but not to impair the objectives of Public Law 480 as set forth in its preamble. It is understood that the expression of "up to fifty per centum" is flexible enough to authorize an agreement with no such assurance of convertibility whenever the President shall determine that the allocation of any

amount of such currencies would jeopardize the negotiation of agreements of mutual interest to the United States and the purchasing country and therefore impair the objectives of this act.

5. Section 104 of the act (which spells out the various authorized uses for the foreign currencies that are generated by the sale of agricultural commodities) would be amended by adding a new subsection (k). This provision specifically authorizes the use of foreign currency for carrying out rodent, weed, insect, and plant and animal pest control programs. The committee recognizes that some of these things can now be done under the act, but the experience in India alone has shown that very little effective steps are being taken at present.

During the hearings the AID Director in India testified that an estimated 20 percent of Indian grain crop is lost each year to rodents, birds, insects, and other pests. In other words, the crop loss due to these pests in India was over twice the amount of food aid the United States furnished that nation last year.

The hearings also revealed that very little effective action was being taken elsewhere, particularly in the excess-currency nations.

The committee feels that better pest control measures are consonant with the self-help principle and with our objectives under this program. Therefore, the committee expects this provision to be implemented and emphasized in the future to a much greater degree than has been the case in the past.

6. The barter provisions of the act (sec. 303) would be rewritten to eliminate the authority for strategic material barter.

As pointed out earlier in this report, the 1967 barter program under which \$315.2 million worth of contracts had been executed included only \$800,000 for the acquisition of strategic materials. This small amount of program activity indicates that the authority in the present law simply is not needed, and therefore it has been deleted by the committee.

The committee feels that offshore procurement activities are both worthwhile and beneficial to the balance-of-payments situation.

7. Section 407 dealing with the organization and functions of the Joint Legislative-Executive Advisory Committee would be revised.

The proposed amendment to section 407 would decrease the size of the Advisory Committee from 21 members to 13 members, while establishing a regular meeting schedule. In addition, it would require the Advisory Committee to meet at least quarterly, and it sets forth a rotating chairmanship to be shared by the four chairmen of the appropriate congressional committees.

The committee feels that this Advisory Committee has not functioned as effectively as it could.

Unfortunately, a "communication gap" has developed between two great committees of the House. This was manifested last year when the House Committee on Foreign Affairs adopted an amendment to the foreign aid bill proposing to bring Public Law 480 within its legislative jurisdiction. The House deleted the proposed jurisdictional change from that bill and this committee thereby retained its basic and historical jurisdiction over this program.

This committee recognizes that Public Law 480 has a direct influence on foreign policy, and it feels that the other committee's advice and counsel on the foreign policy ramifications of this program would be most helpful. Conversely, this committee feels the same advice and counsel from Agriculture Committee members will be

useful to that committee in their deliberations and decision on general foreign policy questions.

This amendment, therefore, would require the Advisory Committee to meet at least four times each year, starting with the calendar quarter in which this bill is enacted. If there was no business to transact, the meetings could be brief. If there were a need for more meetings, the Committee could meet as frequently as necessary. The amendment would establish a rotating acting chairmanship of the Committee. Someone must call any meeting to order. Just as the House committees are called in regular rotation under the "Calendar Wednesday" procedure, the Advisory Committee would meet at the call of the acting chairman in the order listed in the amendment. The rotation order of chairmanship is designed to provide the maximum comity between all four committees and both bodies of the Congress.

#### WHY A 1-YEAR EXTENSION?

The committee bill proposes to extend for 1 year titles I and II of the act, with seven amendments. The administration had asked for a 3-year extension without change.

The committee recommends a 1-year extension because of the sheer magnitude and complexity of the program. Some \$6.2 billion is authorized to be spent next year under this program which, unlike the regular foreign aid program, is not subject to the traditional congressional authorization and appropriation process. Public Law 480 is financed by the Commodity Credit Corporation which is reimbursed for its expenses after taking administrative action, not before. In order to examine the effectiveness of this important program and to review its administration, the committee feels that extensions of the act should not be granted for long periods of time.

The committee recognizes that Congress may act on any law at any time, but the practical history of the legislative situation in regard to this program clearly shows that major congressional action occurs only when the act is before the Congress for continuation.

In particular, the committee seeks to retain continuing review over the following matters:

##### 1. TOURIST AND AMERICAN CITIZEN EXCHANGE

In this committee's report on the 1966 extension the following statement appeared (p. 44 of H. Rept. 1558, 89th Cong.):

The committee also urges the various agencies of the executive branch concerned with tourist exchange under this section to intensify their efforts to implement and execute this provision in excess-currency countries. In this regard the committee suggests that an expanded effort be undertaken to advertise and promote the existence of, the advantages to, and the patriotic service rendered toward improving the balance-of-payments problem when American citizens and U.S. nonprofit organizations purchase local currencies at U.S. embassies overseas, rather than at foreign banks. The committee further suggests that U.S. air and ocean carriers be requested to cooperate more fully in the dissemination of information concerning this program. Also, the committee urges increased efforts during the negotiations

of local currency sale agreements to secure greater cooperation of foreign nations in permitting wider distribution of information concerning this program to U.S. citizens while they are overseas. Finally, the committee recommends that sufficient personnel be assigned to our various embassies overseas to provide such currency exchange services at convenient hours during the day.

During 1967 sales of U.S.-owned foreign currencies to private American citizens amounted to \$3.7 million. Total sales since the inauguration of the program in 1963 reached \$7.5 million.

Section 104(j) of the act authorizes sales of currencies determined to be in excess by the U.S. Treasury. These sales can be made to U.S. citizens and nonprofit organizations for travel and other purposes.

In most areas of the world, including all of Western Europe and Latin America, the U.S. Government uses its holdings of foreign currency for official purposes within a relatively short time. Sales of these currencies to U.S. citizens would not benefit the U.S. balance of payments since it would then be necessary to buy these currencies abroad with dollars to meet U.S. official expenses. However, where currencies are held in excess of anticipated U.S. Government needs, arrangements are presently made, if possible, to sell excess currencies to U.S. citizens.

In seven of the countries where our balances are large, arrangements have been negotiated under which limited amounts are available for sale to Americans to cover their expenditures in these respective countries. These countries are Ceylon, Guinea, India, Israel, Pakistan, the United Arab Republic (Egypt), and Tunisia.

In six of the seven countries American tourists and businessmen can purchase their local currency requirements through the U.S. Embassies and consulates. Sales are made at the official rate of exchange, and there are no commercial bank fees. The lone exception to this procedure is Tunisia where, because of local regulations, the Tunisian Central Bank makes the actual conversions and charges a small fee. American buyers must specifically request that they be sold dinars from the U.S. Government's account. Payments in all countries may be made in U.S. currency, personal checks drawn on an American bank, or U.S. travelers checks.

The Treasury Department prepared a brochure which lists the addresses of all U.S. diplomatic missions making these sales, as well as their selling hours. This brochure, which was shown to the committee, is available to all U.S. passport offices and has also been made available to travel agencies and international air and shipping lines for distribution to passengers. In addition, a State Department brochure, "You and Your Passport," also available at passport offices throughout the country, calls travelers' attention to the availability of currencies.

As far as the committee is concerned, the steps taken so far to implement the sale of excess currencies to U.S. tourists and other American citizens, business entities, or nonprofit organizations are quite inadequate. The conversion of only \$7.5 million out of a \$16.4 billion program is not a very good performance.

The committee feels that there is plenty of opportunity for a more imaginative and aggressive dollar exchange program. Specifically, it recommends:

- (a) The establishment of tourist and other citizen currency conversion facilities at U.S. passport offices and at the principal ports of embarkation in the United States. If a tourist is going to Egypt, for example, the conversion from dollars to pounds could be made at the airport in New York, rather than at the Embassy in Cairo (which has limited facilities).
- (b) The corporation of air and sea carriers should be solicited both for the dissemination of information and for the maximum conversion of dollars to local currency for meeting local expenses.
- (c) Greater publicity and promotion activities to make more U.S. citizens aware of this program and the beneficial effects it has on the balance-of-payments problem.

## 2. SELF-HELP EMPHASIS

The pressing population growth of the underdeveloped world demands that truly effective agricultural self-help and family planning activities be originated and implemented. The committee strongly endorses the self-help and family-planning concepts and wishes to keep these program activities under continual review. Of particular interest will be the rodent, insect, weed, and animal and plant pest control amendment set forth in H.R. 16165.

During hearings on the bill, testimony was taken which indicated that U.S. industry often may be able to provide technology and equipment that can significantly increase the agricultural productivity of nations which are recipients of food-for-freedom programs. However, it was the understanding of the committee that test plots or other demonstration devices for the services of U.S. industry are not presently being utilized to a significant degree.

In view of the desirability of aiding the technological level of recipient nations, as well as providing additional foreign-market areas for U.S. industry, the committee recommends that, to the maximum extent feasible, recipient nations of food-for-freedom programs be encouraged to make available test plots, and whatever other demonstration methods that may be feasible for the purpose of providing an opportunity for these goods and services to be brought to the attention of recipient nations.

## 3. AGRICULTURAL EXPORTS

During 1967 commercial exports dropped \$468 million below 1966. (See table 3.) The committee is concerned about this decline, and the decline in governmental-sponsored exports as well, which caused our total exports to drop from \$6.881 billion in 1966 to \$6.386 billion in 1967. (See table 3.)

A high level of agricultural exports is an absolute necessity for the maintenance of a strong domestic farm economy. The committee, of course, hopes that this recent decline will be of a temporary nature, but feels that it is a situation which demands continuing attention by the Congress.

## 4. PRIVATE TRADE CREDIT SALES

Another area of disappointing activity has been the private-trade, dollar-credit sales program authorized under section 107 of the act.

From December 31, 1964, when the first private-trade agreement was signed, through December 31, 1967, only nine agreements have been signed. These agreements provided for financing exports of agricultural commodities with an export-market value, including applicable ocean transportation costs, of approximately \$61.8 million. Through December 31, 1967, the export value, including applicable ocean transportation costs, of agricultural commodities shipped was approximately \$9.3 million. Dollar payments of \$516,399 on the principal and \$283,392 on the interest reached a total of \$799,791 by December 31, 1967.

During calendar year 1967 only four agreements were signed with private-trade groups. These agreements provided for financing the sale and export for eventual dollar payment of approximately 902,000 bushels (22,900 metric tons) of feed grains, 96,000 bales of cotton, and 6,300 metric tons of inedible tallow. The estimated export-market value of these agreements, including applicable ocean transportation costs, was \$18.3 million, an increase of \$2 million from 1966.

Private-trade agreements are executed at interest rates generally favorable to the United States, and the proceeds generated from the sale of U.S. farm commodities are used in a variety of projects. For example, in Iran funds are being used for agricultural credit and cooperative services, in Taiwan for housing projects, and in Spain for the construction of slaughterhouses and grain storage facilities. These are examples of the kind of private economic enterprise that the committee seeks to encourage while marketing U.S. agricultural commodities on terms favorable to our Nation. The following table summarizes private trade agreements made since 1964:

TABLE 20.—SUMMARY OF PUBLIC LAW 480 PRIVATE TRADE AGREEMENTS AND AMENDMENTS SIGNED, IN CHRONOLOGICAL ORDER, CUMULATIVE EVERY 6 MONTHS  
 Dollars in thousands

Date signed	Country and PTE	Supply period	Interest rate (percent)	Initial payment if any (percent)	Interval before 3 or date of 1st payment	Payments <sup>4</sup> and maturity date	Com-modify	Export market value Q/T to be financed by CCC
1964: Dec. 31----	July 1, 1964 through Dec. 31, 1964: Iran (Omrani)----- Iran (Persigas)-----	Fiscal year 1965----- do-----	4½ 4	- - - -	Dec. 31, 1966----- do-----	14 (1979) 6 (1971)	\$2,696 674	\$304 76
1965: ----	Jan. 1, 1965 through June 30, 1965: No agreements signed during this period.				Totals for this period----- Total for this period----- Total for fiscal year 1965----- Total to date-----	3,370 3,370 3,370 3,370	380 380 380 380	3,750 3,750 3,750 3,750
1965: Sept. 14----	July 1, 1965 through Dec. 31, 1965: Spain (CDES)-----	Fiscal year 1966-1967 1968-----	4½ - - -	- - - -	Dec. 31, 1968----- Dec. 31, 1967----- do-----	10 (1977) 12 (1978) 19 (1985)	32,330 1,660 2,718	2,700 84 276
Nov. 4----- Nov. 15-----	Spain (Hernandez) Spain (TDC)-----	Calendar year 1965-1966----- 5 4½/4-----	- - - -	- - - -	Totals for this period----- Total for calendar year 1965----- Total to date-----	36,658 36,658 40,028	3,060 3,069 3,440	39,718 39,718 43,468
1966: Feb. 24----	Jan. 1, 1966 through June 30, 1966: Iran (Pars)-----	Fiscal year 1966-1967----- 4½-----	- - - -	- - - -	Totals for this period----- Total for fiscal year 1965----- Total to date-----	1,750 1,750 41,778	225 225 3,665	1,975 1,975 45,443
1966: Dec. 31----	July 1, 1966 through Dec. 31, 1966: Spain (RACSA) <sup>6</sup>				Totals for this period----- Total for calendar year 1966----- Total to date-----	1,750 1,750 41,778	225 225 3,665	1,975 1,975 45,443
1967: June 22----- June 30-----	Jan. 1, 1967 through June 30, 1967: Korea (Purina)----- China (TDC) extends tailow supply period <sup>5</sup> through----- calendar year 1967 on agreement Nov. 15, 1965.	Fiscal year 1968-70----- do-----	4¾----- - - -	3 (1973)	1,375 1,375 43,153	145 145 3,810	1,520 1,520 46,963	

See footnotes at end of table. P. 44.

TABLE 20.—SUMMARY OF PUBLIC LAW 480 PRIVATE TRADE AGREEMENTS AND AMENDMENTS SIGNED, IN CHRONOLOGICAL ORDER, CUMULATIVE EVERY 6 MONTHS—Continued  
 [Dollars in thousands]

Date signed	Country and PTE	Supply period	Interest <sup>2</sup> rate (percent)	Initial <sup>12</sup> payment if any (percent)	Interval before <sup>3</sup> or date of 1st payment	Payments <sup>4</sup> and maturity date	Com- modity financed by CCC	Export market value
1967:	July 1, 1967 through Dec. 31, 1967:							
Oct. 25	Chile (Fontaine)	Fiscal year 1968-70	5½	5	Dec. 31, 1969	15 (1985)	13,155	530
Nov. 2	Guatemala (PAA)	Calendar year 1967-68	5	5	Dec. 31, 1968	10 (1978)	1,109	13,685
Nov. 30	Iran (Pers) amends agreement of Feb. 24, 1966	Fiscal year 1968	5½	5	Dec. 31, 1969	10 (1978)	96	1,109
						Total for this period	14,360	434
						Total for calendar year 1967	15,735	579
						Total to date	57,513	4,244
								61,757

<sup>1</sup> Interest on shipments in each calendar year computed from date of last shipment in that year.  
<sup>2</sup> If 2 interest rates are given, 1st applies prior to 1st principal payment and 2d rate applies thereafter.  
<sup>3</sup> This is the percentage of the total amount of commodity financing for deliveries in each calendar year which must be paid on delivery.

<sup>4</sup> Intervals run from date of last shipment in each calendar year.

<sup>5</sup> Principal usually repaid in approximately equal annual installments. Figure in parentheses indicates approximate maturity date.

<sup>6</sup> Interest rate of 4½ percent annually applies to commodities delivered in calendar year 1966.

<sup>7</sup> Interest rates of 4½ percent annually applies to commodities delivered in calendar year 1967.

<sup>8</sup> Amended Hernandez Agreement Nov. 4, 1965, to change name to Refineria Acelera Canaria, S.A. (RACSA).

## 5. BALANCE OF PAYMENTS

The committee recognizes that many contributions made by Public Law 480 add to our balance-of-payments problem. The three new provisions in sections 103 (o), (p), and (q) are designed to provide further assistance in this area, and the committee wishes to keep under active review the steps being taken to implement them.

## 6. MARKET DEVELOPMENT

Under section 104(b)(1), up to 5 percent of the foreign currencies generated by title I sales may be used to maintain or expand present agricultural export markets or to develop new markets. Since the beginning of the program, Public Law 480 funds totaling \$89.8 million have been spent on market development. Cooperating private trade and agricultural groups have spent about \$61.7 million of their own funds, making a total of \$151.5 million available for agricultural foreign-market development through December 31, 1967.

The overseas market development program was started in 1955. Since then annual commercial dollar exports of U.S. agricultural commodities and products have increased from \$2.1 billion to \$4.8 billion in 1967. Activities under the program have contributed to this impressive gain in exports.

There are four major types of market development programs, and the committee exercises a continuing interest in all of them. They are as follows:

- (1) Cooperative programs with trade and agricultural groups.
- (2) Trade fair, trade center, and in-store promotion activities.
- (3) Marketing research.
- (4) Utilization research.

The following table shows the expenditures and number of market-development projects inaugurated since 1955:

TABLE 21.—SUMMARY OF SEC. 104(b)(1) EXPORT MARKET DEVELOPMENT PROJECTS FOR SPECIFIED PERIODS  
[Dollars in thousands]

Calendar year	Number of projects	Expenditures		
		USOA	Cooperator	Total
1955-62.....	684	\$33,774	\$23,283	\$57,057
1963.....	101	10,610	6,813	17,423
1964.....	88	9,736	7,100	16,836
1965.....	70	9,412	7,307	16,719
1966.....	81	12,770	8,188	20,958
1967.....	80	2 13,540	2 9,000	2 22,540
<b>Total.....</b>	<b>1,104</b>	<b>2 89,842</b>	<b>2 61,691</b>	<b>2 151,533</b>

<sup>1</sup> Projects using in part foreign currencies made available under sec. 104(b)(1), as amended, excluding utilization research. Based upon operating records and subject to adjustment upon final accounting of expenditures. Covers agreements signed with the Foreign Agricultural Service for new cooperator, trade fair, and other Department of Agriculture projects, and amendments to previous projects that authorize additional market development funds.

<sup>2</sup> Estimates.

## 7. EXCESS CURRENCY USES

Under section 104 of the act certain appropriations and other restrictions on the use of currencies generated under the act do not apply in the case of any nation where the foreign currencies owned by the United States and available for use by it are determined by the Secretary of the Treasury to be in excess of our normal requirements

for expenditure in such nations for 2 fiscal years following the year in which the determination is made.

The Secretary of the Treasury determined on May 16, 1967, that the foreign currencies of 11 countries were in excess of the normal requirements of the departments and agencies of the United States for expenditures in such countries for 2 fiscal years following the year in which the determination was made. The 11 excess-currency countries were Burma, Ceylon, Congo (Kinshasa),<sup>1</sup> Guinea, India, Israel, Pakistan, Poland, Tunisia, United Arab Republic (Egypt), and Yugoslavia.

The committee has a continuing interest in the use of these currencies. Uses of these foreign currencies in the 11 countries for fiscal year 1967 by U.S. agencies under regular dollar appropriations and special foreign-currency appropriations and estimates of such uses for fiscal years 1968 and 1969 are as follows:

TABLE 22.—EXPENDITURES OF EXCESS FOREIGN CURRENCIES UNDER REGULAR AND SPECIAL FOREIGN CURRENCY APPROPRIATIONS

[In million dollar equivalents]

Country	(Fiscal year 1967 actual)		Fiscal year 1968 (estimate)		Fiscal year 1969 (estimate)	
	Regular	Special	Regular	Special	Regular	Special
Burma	0.8	0.7	0.9	0.6	1.2	0.6
Ceylon	.5	.7	.7	1.0	.7	1.9
Congo (Kinshasa) <sup>1</sup>	.9	.2	1.0	.4		
Guinea	.3	.1	3.1	.1	3.0	.3
India	14.4	14.2	13.5	15.2	11.9	28.4
Israel	8.3	11.1	9.1	11.8	8.5	16.1
Pakistan	9.2	4.9	9.5	5.4	8.4	8.9
Poland	11.6	3.1	6.4	3.0	3.9	6.6
Tunisia	1.9	.4	1.5	1.2	1.1	1.8
United Arab Republic	2.5	7.8	1.9	2.0	1.4	4.8
Yugoslavia	6.0	2.8	5.8	5.8	2.6	11.8
Total	56.4	46.0	53.4	46.5	42.7	81.2

<sup>1</sup> Deleted from excess currency list by determination of Dec. 7, 1967.

## 8. OTHER PROVISIONS

With a program as broad and complex and involving as many people as Public Law 480 does, it seems inevitable that errors in the administration and execution of the program will occur. The committee feels that such errors can be more readily detected and corrected if the act is subject to periodic review.

For example, section 408 of the act requires the President to make an annual report to the Congress no later than April 1 of each year with respect to the activities carried out in the preceding calendar year. The 1966 report was not submitted to Congress until November 6, 1967. While the 1967 report was submitted on time, it and the 1966 report both have not been printed or publicly distributed. The committee feels there is no valid excuse for further delaying the publication of these reports which have broad public interest.

An example of poor administrative judgment is set forth in the President's 1967 Report on Public Law 480 at page 96 which describes how U.S. taxpayer-owned foreign currencies being spent on "new and promising community services such as sobering-up stations for the rehabilitation of alcoholics in Poland."

<sup>1</sup> Deleted from list by determination of Dec. 7, 1967.

In the opinion of the committee, projects of this nature tend to precipitate ridicule and criticism which impede the effectiveness and diminish support for the whole program. The committee does not support this project and recommends its immediate abandonment.

Finally, there are a myriad of other activities and expenditures under this giant program, as well as rapidly changing conditions which require the continual vigilance and scrutiny of the Congress. Therefore, in the opinion of the committee, a 1-year extension of the act is desirable.

### Cost

The bill does not change the authorizations for expenditures presently permitted by existing law.

Section 110 of the act permits the signing of agreements under title I (local-currency and dollar-credit sales) during any calendar year which will call for an appropriation of not to exceed \$1.9 billion to reimburse the Commodity Credit Corporation. In addition to the \$1.9 billion there is also an additional amount available which is equal to the difference between previous authorizations and previous agreements. As of December 31, 1967, this carryover was \$3.1 billion. Therefore, this bill makes at least \$5 billion available for the title I program during 1969.

Section 204 contains a similar provision with respect to donations, and calls for an annual authorization of \$600 million plus carryover. As of December 31, 1967, this carryover was \$588 million. Therefore, this bill makes at least \$1.188 billion available for the title II program next year.

Title III does not include an appropriations authorization for the barter program.

Section 406 authorizes the annual appropriation of \$33 million for financing an accelerated agricultural technical assistance program. This program, however, has not been funded since its enactment in 1966.

### HEARINGS

Public hearings on H.R. 15693 by Mr. Purcell, and similar bills by Messrs. Dole, Mize, Skubitz, Winn, Shriver, Price of Texas, and Mrs. May, were held on March 6, 7, and 8, 1968.

Testimony was presented by representatives of the major farm organizations, international relief assistance groups, churches, and administration officials, as well as interested individuals. It was the general consensus of the witnesses that Public Law 480 should be extended.

### ADMINISTRATION POSITION

The administration requested a straight 3-year extension of titles I and II of the act. The following executive communication was submitted to the committee:

DEPARTMENT OF AGRICULTURE,  
OFFICE OF THE SECRETARY,  
*Washington.*

Hon. JOHN W. McCORMACK,  
*Speaker, House of Representatives.*

DEAR MR. SPEAKER: Transmitted herewith for the consideration of the Congress is a draft bill to extend for 3 years the Food-for-Peace Act of 1966.

This Department recommends enactment of the draft bill.

In his recent foreign aid message to the Congress, the President stated that he would shortly propose an extension of the food-for-freedom program to provide emergency food assistance to stave off disaster while hungry countries build their own food production.

His message on prosperity and progress for the farmer and rural America, sent to Congress on February 27, 1968, recommends continuation of the food-for-freedom program for 3 more years—to December 31, 1971.

The Bureau of the Budget advises that enactment of this proposed legislation would be in accord with the President's program.

Sincerely yours,

ORVILLE FREEMAN,  
*Secretary.*

#### CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman) :

#### PUBLIC LAW 480—83D CONGRESS, AS AMENDED

AN ACT To increase the consumption of United States agricultural commodities in foreign countries, to improve the foreign relations of the United States, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Agricultural Trade-Development and Assistance Act of 1954".*

\* \* \* \* \*

SEC. 103. In exercising the authorities conferred upon him by this title, the President shall—

(a) take into account efforts of friendly countries to help themselves toward a greater degree of self-reliance, including efforts to meet their problems of food production and population growth;

(b) take steps to assure a progressive transition from sales for foreign currencies to sales for dollars (or to the extent that transition to sales for dollars under the terms applicable to such sales is not possible, transition to sales for foreign currencies on credit terms no less favorable to the United States than those for development loans made under section 201 of the Foreign Assistance Act of 1961, as amended, and on terms which permit conversion to dollars at the exchange rate applicable to the sales agreement) at a rate whereby the transition can be completed by December 31, 1971; *Provided*, That provision may be included in any agreement for payment in foreign currencies to the extent that the President determines that such currencies are needed for the purpose of subsections (a), (b), (c), (e), and (h) of section 104; *Provided*, That, except where he determines that it would be inconsistent with the objectives of the Act, the President shall determine the amount of foreign currencies needed for the uses specified in subsections (a), (b), (c), (e), and (h) of section 104, and the agreements for such credit sales shall provide for payment of such amounts in dollars or in foreign currencies upon delivery of the agricultural

commodities. Such payment may be considered as an advance payment of the earliest installments;

(c) take reasonable precautions to safeguard usual marketings of the United States and to assure that sales under this title will not unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries;

(d) make sales agreements only with those countries which he determines to be friendly to the United States: *Provided*, That the President shall periodically review the status of those countries which are eligible under this subsection and report the results of such review to the Congress. As used in this Act, "friendly country" shall not include (1) any country or area dominated or controlled by a foreign government or organization controlling a world Communist movement, or (2) for the purpose only of sales agricultural commodities for foreign currencies under title I of this Act, any country or area dominated by a Communist government, or (3) for the purpose only of sales of agricultural commodities under title I of this Act, any nation which sells or furnishes or permits ships or aircraft under its registry to transport to or from Cuba or North Vietnam (excluding United States installations in Cuba) any equipment, materials, or commodities so long as they are governed by a Communist regime: *Provided*, That with respect to furnishing, selling, or selling and transporting to Cuba medical supplies, non-strategic raw materials for agriculture, and non-strategic agricultural or food commodities, sales agreements may be entered into if the President finds with respect to each such country, and so informs the Senate and the House of Representatives of the reasons therefor, that the making of each such agreement would be in the national interest of the United States and all such findings and reasons therefor shall be published in the Federal Register, or (4) for the purposes only of sales under title I of this Act the United Arab Republic, unless the President determines that such sale is in the national interest of the United States. No sales to the United Arab Republic shall be based upon the requirements of that nation for more than one fiscal year. The President shall keep the President of the Senate and the Speaker of the House of Representatives fully and currently informed with respect to sales made to the United Arab Republic under title I of this Act. Notwithstanding any other Act, the President may enter into agreements for the sale of agricultural commodities for dollars on credit terms under title I of this Act with countries which fall within the definition of "friendly country" for the purpose of such sales and no sales under this Act shall be made with any country if the President finds such country is (a) an aggressor, in a military sense, against any country having diplomatic relations with the United States, or (b) using funds, of any sort, from the United States for purposes inimical to the foreign policies of the United States;

(e) take appropriate steps to assure that private trade channels are used to the maximum extent practicable both with respect to sales from privately owned stocks and with respect to sales from stocks owned by the Commodity Credit Corporation and that small business has adequate and fair opportunity to participate in sales made under the authority of this Act;

(f) give special consideration to the development and expansion of foreign markets for United States agricultural commodities, with appropriate emphasis on more adequate storage, handling, and food distribution facilities as well as long-term development of new and expanding markets by encouraging economic growth;

(g) obtain commitments from purchasing countries that will prevent resale or transshipment to other countries, or use for other than domestic purposes, of agricultural commodities purchased under this title, without specific approval of the President;

(h) obtain rates of exchange applicable to the sale of commodities under such agreements which are not less favorable than the highest of exchange rates legally obtainable in the respective countries and which are not less favorable than the highest of exchange rates obtainable by any other nation;

(i) promote progress toward assurance of an adequate food supply by encouraging countries with which agreements are made to give higher emphasis to the production of food crops than to the production of such nonfood crops as are in world surplus;

(j) exercise the authority contained in title I of this Act to assist friendly countries to be independent of domination or control by any world Communist movement. Nothing in this Act shall be construed as authorizing sales agreements under title I with any government or organization controlling a world Communist movement or with any country with which the United States does not have diplomatic relations;

(k) whenever practicable require upon delivery that not less than 5 per centum of the purchase price of any agricultural commodities sold under title I of this Act be payable in dollars or in the types or kinds of currencies which can be converted into dollars;

(l) obtain commitments from friendly purchasing countries that will insure, insofar as practicable, that food commodities sold for foreign currencies under title I of this Act shall be marked or identified at point of distribution or sale as being provided on a concessional basis to the recipient government through the generosity of the people of the United States of America, and obtain commitments from purchasing countries to publicize widely to their people, by public media and other means, that the commodities are being provided on a concessional basis through the friendship of the American people as food for peace;

(m) require foreign currencies to be convertible to dollars to the extent consistent with the effectuation of the purposes of this Act, but in any event to the extent necessary to (1) permit that portion of such currencies made available for payment of United States obligations to be used to meet obligations or charges payable by the United States or any of its agencies to the government of the importing country or any of its agencies, and (2) in the case of excess currency countries, assure convertibility by sale to American tourists, or otherwise, of such additional amount (up to twenty-five per centum of the foreign currencies received pursuant to each agreement entered into after the effective date of the Food for Peace Act of 1966) as may be necessary to cover all normal expenditures of American tourists in the importing country;

(n) take maximum precautions to assure that sales for dollars on credit terms under this Act shall not displace any sales of United States agricultural commodities which would otherwise be made for cash dollars [.];

(o) *take steps to assure that the United States obtains a fair share of any increase in commercial purchases of agricultural commodities by the purchasing country;*

(p) *assure convertibility at such uniformly applied exchange rates as shall be agreed upon of up to 50 per centum of the foreign currencies received pursuant to each agreement by sale to United States or purchasing country contractors for payment of wages earned in the development and consummation of works of public improvement in the purchasing country; and*

(q) *assure convertibility of up to 50 per centum of the foreign currencies received pursuant to each agreement by sale to United States importers for the procurement of materials or commodities in the purchasing country.*

SEC. 104. Notwithstanding any other provision of law, the President may use or enter into agreements with foreign countries or international organizations to use the foreign currencies, including principal and interest from loan repayments, which accrue in connection with sales for foreign currencies under this title for one or more of the following purposes:

(a) For payment of United States obligations (including obligations entered into pursuant to other legislation);

(b) For carrying out programs of United States Government agencies to—

(1) help develop new markets for United States agricultural commodities on a mutually benefitting basis. From sale proceeds and loan repayments under this title not less than the equivalent of 5 per centum of the total sales made each year under this title shall be set aside in the amounts and kinds of foreign currencies specified by the Secretary of Agriculture and made available in advance for use as provided by this paragraph over such period of years as the Secretary of Agriculture determines will most effectively carry out the purpose of this paragraph: *Provided*, That the Secretary of Agriculture may release such amounts of the foreign currencies so set aside as he determined cannot be effectively used for agricultural market development purposes under this section, except that no release shall be made until the expiration of thirty days following the date on which notice of such proposed release is transmitted by the President to the Senate Committee on Agriculture and Forestry and to the House Committee on Agriculture, if transmitted while Congress is in session, or sixty days following the date of transmittal if transmitted while Congress is not in session. Provision shall be made in sale and loan agreements for the convertibility of such amount of the proceeds thereof (not less than 2 per centum) as the Secretary of Agriculture determines to be needed to carry out the purpose of this paragraph in those countries which are or offer reasonable potential of becoming dollar markets for United States agricultural commodities. Such sums shall be converted into the types and kinds of foreign currencies as the Secretary deems necessary to carry out the

provisions of this paragraph and such sums shall be deposited to a special Treasury account and shall not be made available or expended except for carrying out the provisions of this paragraph. Notwithstanding any other provision of law, if sufficient foreign currencies for carrying out the purpose of this paragraph in such countries are not otherwise available, the Secretary of Agriculture is authorized and directed to enter into agreements with such countries for the sale of agricultural commodities in such amounts as the Secretary of Agriculture determines to be adequate and for the use of the proceeds to carry out the purpose of this paragraph. In carrying out agricultural market development activities, nonprofit agricultural trade organizations shall be utilized to the maximum extent practicable. The purpose of this paragraph shall include such representation of agricultural industries as may be required during the course of discussions on trade programs relating either to individual commodities or groups of commodities;

(2) finance international educational and cultural exchange activities under the programs authorized by the Mutual Educational and Cultural Exchange Act of 1961 (22 U.S.C. 2451 et seq.);

(3) collect, collate, translate, abstract, and disseminate scientific and technological information and conduct research and support scientific activities overseas including programs and projects of scientific cooperation between the United States and other countries such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe, and promote and support programs of medical and scientific research, cultural and educational development, family planning, health, nutrition, and sanitation;

(4) acquire by purchase, lease, rental, or otherwise, sites and buildings and grounds abroad, for United States Government use including offices, residence quarters, community and other facilities, and construct, repair, alter, and furnish such buildings and facilities;

(5) finance under the direction of the Librarian of Congress, in consultation with the National Science Foundation and other interested agencies, (A) programs outside the United States for the analysis and evaluation of foreign books, periodicals, and other materials to determine whether they would provide information of technical or scientific significance in the United States and whether such books, periodicals, and other materials are of cultural or educational significance, (B) the registry, indexing, binding, reproduction, cataloging, abstracting, translating, and dissemination of books, periodicals, and related materials determined to have such significance; and (C) the acquisition of such books, periodicals, and other materials and the deposit thereof in libraries and research centers in the United States specializing in the areas to which they relate;

(c) To procure equipment, materials, facilities, and services for the common defense including internal security;

(d) For assistance to meet emergency or extraordinary relief requirements other than requirements for food commodities;

*Provided*, That not more than a total amount equivalent to \$5,000,000 may be made available for this purpose during any fiscal year;

(e) For use to the maximum extent under the procedures established by such agency as the President shall designate for loans to United States business firms (including cooperatives) and branches, subsidiaries, or affiliates of such firms for business development and trade expansion in such countries, including loans for private home construction, and for loans to domestic or foreign firms (including cooperatives) for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, United States agricultural products: *Provided, however*, That no such loans shall be made for the manufacture of any products intended to be exported to the United States in competition with products produced in the United States and due consideration shall be given to the continued expansion of markets for United States agricultural commodities or the products thereof. Foreign currencies may be accepted in repayment of such loans;

(f) To promote multilateral trade and agricultural and other economic development, under procedures, established by the President, by loans or by use in any other manner which the President may determine to be in the national interest of the United States, particularly to assist programs of recipient countries designed to promote, increase, or improve food production, processing, distribution, or marketing in food-deficit countries friendly to the United States, for which purpose the President may utilize to the extent practicable the services of nonprofit voluntary agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid: *Provided*, That no such funds may be utilized to promote religious activities;

(g) For the purchase of goods or services for other friendly countries;

(h) For financing, at the request of such country, programs emphasizing maternal welfare, child health and nutrition, and activities, where participation is voluntary, related to the problems of population growth, under procedures established by the President through any agency of the United States, or through any local agency which he determines is qualified to administer such activities;

(i) for paying, to the maximum extent practicable, the costs outside the United States of carrying out the program authorized in section 406 of this Act; **[and]**

(j) For sale for dollars to United States citizens and non-profit organizations for travel or other purposes of currencies determined to be in excess of the needs of departments and agencies of the United States for such currencies. The United States dollars received from the sale of such foreign currencies shall be deposited to the account of Commodity Credit Corporation~~[:] ;~~ and

*"(k) for paying, to the maximum extent practicable, the costs of carrying out programs for the control of rodents, insects, weeds, and other animal or plant pests."*

*Provided*, That—

(1) Section 1415 of the Supplemental Appropriation Act,

1953, shall apply to currencies used for the purposes specified in subsections (a) and (b).

(2) Section 1415 of the Supplemental Appropriation Act, 1953, shall apply to all foreign currencies used for grants under subsections (f) and (g), to not less than 10 per centum of the foreign currencies which accrue pursuant to agreements entered into on or before December 31, 1964, and to not less than 20 per centum in the aggregate of the foreign currencies which accrue pursuant to agreements entered into thereafter: *Provided, however,* That the President is authorized to waive such applicability of section 1415 in any case where he determines that it would be inappropriate or inconsistent with the purposes of this title,

(3) No agreement or proposal to grant any foreign currencies (except as provided in subsection (c) of this section), or to use (except pursuant to appropriation Act) any principal or interest from loan repayments under this section shall be entered into or carried out until the expiration of thirty days following the date on which such agreement or proposal is transmitted by the President to the Senate Committee on Agriculture and Forestry and to the House Committee on Agriculture, if transmitted while Congress is in session, or sixty days following the date of transmittal if transmitted while Congress is not in session,

(4) Any loan made under the authority of this section shall bear interest at such rate as the President may determine but not less than the cost of funds to the United States Treasury, taking into consideration the current average market yields on outstanding marketable obligations of the United States having maturity comparable to the maturity of such loans, unless the President shall in specific instances after consultation with the advisory committee established under section 407 designate a different rate:

*Provided, further,* That paragraphs (2), (3), and (4) of the foregoing proviso shall not apply in the case of any nation where the foreign currencies or credits owned by the United States and available for use by it in such nation are determined by the Secretary of the Treasury to be in excess of the normal requirements of the departments and agencies of the United States for expenditures in such nations for the two fiscal years following the fiscal year in which such determination is made. The amount of any such excess shall be devoted to the extent practicable and without regard to paragraph (1) of the foregoing proviso, to the acquisition of sites, buildings, and grounds under paragraph (4) of subsection (b) of this section and to assist such nation in undertaking self-help measures to increase its production of agricultural commodities and its facilities for storage and distribution of such commodities. Assistance under the foregoing provision shall be limited to self-help measures additional to those which would be undertaken without such assistance. Upon the determination by the Secretary of the Treasury that such an excess exists with respect to any nation, the President shall advise the Senate Committee on Agriculture and Forestry and the House Committee on Agriculture of such determination; and shall thereafter report to each such committee as often as may be necessary to keep such Committee advised as to the extent of

such excess, the purposes for which it is used or proposed to be used, and the effects of such use.

\* \* \* \* \*

**SEC. 303.** The Secretary shall whenever he determines that such action is in the best interest of the United States, and to the maximum extent practicable, barter or exchange agricultural commodities owned by the Commodity Credit Corporation for (a) such strategic or other materials of which the United States does not domestically produce its requirements and which entail less risk of loss through deterioration or substantially less storage charges as the President may designate, or (b) materials, goods, or equipment required in connection with foreign economic and military aid and assistance programs, or (c) materials or equipment required in substantial quantities for offshore construction programs. He is hereby directed to use every practicable means, in cooperation with other Government agencies, to arrange and make, through private channels, such barters or exchanges or to utilize the authority conferred on him by section 4(h) of the Commodity Credit Corporation Charter Act, as amended, to make such barters or exchanges. In carrying out barters or exchanges authorized by this section, no restrictions shall be placed on the countries of the free world into which surplus agricultural commodities may be sold, except to the extent that the Secretary shall find necessary in order to take reasonable precautions to safeguard usual marketings of the United States and to assure that barters or exchanges under this Act will not unduly disrupt world prices of agricultural commodities or replace cash sales for dollars. The Secretary may permit the domestic processing of raw materials of foreign origin. The Secretary shall endeavor to cooperate with other exporting countries in preserving normal patterns of commercial trade with respect to commodities covered by formal multilateral international marketing agreements to which the United States is a party. Agencies of the United States Government procuring such materials, goods, or equipment are hereby directed to cooperate with the Secretary in the disposal of surplus agricultural commodities by means of barter or exchange. The Secretary is also directed to assist, through such means as are available to him, farmers' cooperatives in effecting exchange of agricultural commodities in their possession for strategic materials.■

*Sec. 303. The Secretary shall, whenever he determines that such action is in the best interest of the United States, and to the maximum extent practicable, sell or exchange agricultural commodities owned by the Commodity Credit Corporation for services, materials, goods, or equipment required in connection with foreign economic and military aid and assistance programs or required in substantial quantities for United States Government offshore programs. He is hereby directed to use every practicable means, in cooperation with other Government agencies, to arrange and make, through private channels, such sales or exchanges or to utilize the authority conferred on him by section 4(h) of the Commodity Credit Corporation Charter Act, as amended, to make such sales or exchanges. In carrying out sales or exchanges authorized by this section, no restrictions shall be placed on the countries of the free world into which surplus agricultural commodities may be sold, except to the extent that the Secretary shall find necessary in order to take reasonable precautions to safeguard usual marketings of the United States and to assure that sales or exchanges under this Act will not unduly disrupt world prices of agricultural commodities or replace cash sales for dollars.*

*The Secretary shall endeavor to cooperate with other exporting countries in preserving normal patterns of commercial trade with respect to commodities covered by formal multilateral international marketing agreements to which the United States is a party. Agencies of the United States Government procuring such services, materials, goods, or equipment are hereby directed to cooperate with the Secretary in the disposal of agricultural commodities by means of sales or exchange. The Secretary is also directed to assist, through such means as are available to him, farmers' cooperatives in effecting exchange of agricultural commodities in their possession for the above purposes.*

【SEC. 407. There is hereby established an advisory committee composed of the Secretary of State, the Secretary of the Treasury, the Secretary of Agriculture, the Director of the Bureau of the Budget, the Administrator of the Agency for International Development, the chairman, the vice chairman and the two ranking minority members of the House Committee on Agriculture and the House Committee on Foreign Affairs, and the chairman, the next ranking majority member and the two ranking minority members of the Senate Committee on Agriculture and Forestry and the Senate Committee on Foreign Relations. The advisory committee shall survey the general policies relating to the administration of the Act, including the manner of implementing the self-help provisions, the uses to be made of foreign currencies which accrue in connection with sales for foreign currencies under title I, the amount of currencies to be reserved in sales agreements for loans to private industry under section 104(e), rates of exchange, interest rates, and the terms under which dollar credit sales are made, and shall advise the President with respect thereto.】

*SEC. 407. There is hereby established an Advisory Committee composed of the Secretary of State, the Secretary of the Treasury, the Secretary of Agriculture, the Director of the Bureau of the Budget, the Administrator of the Agency for International Development, the chairman and the ranking minority member of both the House Committee on Agriculture and the House Committee on Foreign Affairs, and the chairman and the ranking minority member of both the Senate Committee on Agriculture and Forestry and the Senate Committee on Foreign Relations. The Advisory Committee shall survey the general policies relating to the administration of the Act, including the manner of implementing the self-help provisions, the uses to be made of foreign currencies which accrue in connection with sales for foreign currencies under title I, the amount of currencies to be reserved in sales agreements for loans to private industry under section 104(e), rates of exchange, interest rates, and the terms under which dollar credit sales are made, and shall advise the President with respect thereto. The Advisory Committee shall meet not less than once during each calendar quarter at the call of the Acting Chairman of such Committee who shall preside during each quarter in the following order: The chairman of the House Committee on Agriculture, the chairman of the Senate Committee on Foreign Relations, the chairman of the Senate Committee on Agriculture and Forestry, and the chairman of the House Committee on Foreign Affairs.*

\* \* \* \* \*

*SEC. 409. No agreements to finance sales under title I and no programs of assistance under title II shall be entered into after December 31, 1968.】 December 31, 1969.*



# Union Calendar No. 501

90TH CONGRESS  
2D SESSION

# H. R. 16165

[Report No. 1297]

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 25, 1968

Mr. POAGE introduced the following bill; which was referred to the Committee on Agriculture

APRIL 23, 1968

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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## A BILL

To extend the Agricultural Trade Development and Assistance Act of 1954, as amended, and for other purposes.

1      *Be it enacted by the Senate and House of Representa-*  
2      *tives of the United States of America in Congress assembled,*  
3      That section 103 (b) of the Agricultural Trade Develop-  
4      ment and Assistance Act of 1954, as amended, is amended  
5      by striking out the proviso at the end thereof and substitut-  
6      ing the following: “: *Provided*, That, except where he  
7      determines that it would be inconsistent with the objectives  
8      of the Act, the President shall determine the amount of  
9      foreign currencies needed for the uses specified in subsections  
10     (a), (b), (c), (e), and (h) of section 104, and the  
11     agreements for such credit sales shall provide for payment of

1 such amounts in dollars or in foreign currencies upon delivery  
2 of the agricultural commodities. Such payment may be con-  
3 sidered as an advance payment of the earliest installments."

4 SEC. 2. Such Act is further amended by deleting the  
5 period at the end of subsection (n) of section 103 and insert-  
6 ing in lieu thereof a semicolon and adding new subsections  
7 (o), (p), and (q) to section 103 as follows:

8 "(o) Take steps to assure that the United States obtains  
9 a fair share of any increase in commercial purchases of agri-  
10 cultural commodities by the purchasing country;

11 "(p) Assure convertibility at such uniformly applied  
12 exchange rates as shall be agreed upon of up to 50 per centum  
13 of the foreign currencies received pursuant to each agreement  
14 by sale to United States or purchasing country contractors for  
15 payment of wages earned in the development and consumma-  
16 tion of works of public improvement in the purchasing coun-  
17 try; and

18 "(q) Assure convertibility of up to 50 per centum of the  
19 foreign currencies received pursuant to each agreement by  
20 sale to United States importers for the procurement of mate-  
21 rials or commodities in the purchasing country."

22 SEC. 3. Section 104 is amended by deleting the word  
23 "and" at the end of subsection (i) and deleting the colon  
24 after subsection (j) and inserting in lieu thereof ";" and",  
25 and adding the following new subparagraph (k) :

1       “(k) for paying, to the maximum extent practi-  
2       cable, the costs of carrying out programs for the control  
3       of rodents, insects, weeds, and other animal or plant  
4       pests:”

5       SEC. 4. Section 303 of the Act is amended by striking  
6       out the entire section and substituting the following:

7       “SEC. 303. The Secretary shall, whenever he determines  
8       that such action is in the best interest of the United States,  
9       and to the maximum extent practicable, sell or exchange  
10      agricultural commodities owned by the Commodity Credit  
11      Corporation for services, materials, goods, or equipment  
12      required in connection with foreign economic and military  
13      aid and assistance programs or required in substantial quan-  
14      tities for United States Government offshore programs. He  
15      is hereby directed to use every practicable means, in coopera-  
16      tion with other Government agencies, to arrange and make,  
17      through private channels, such sales or exchanges or to utilize  
18      the authority conferred on him by section 4 (h) of the Com-  
19      modity Credit Corporation Charter Act, as amended, to make  
20      such sales or exchanges. In carrying out sales or exchanges  
21      authorized by this section, no restrictions shall be placed on  
22      the countries of the free world into which surplus agricul-  
23      tural commodities may be sold, except to the extent that the  
24      Secretary shall find necessary in order to take reasonable pre-  
25      cautions to safeguard usual marketings of the United States

1 and to assure that sales or exchanges under this Act will not  
2 unduly disrupt world prices of agricultural commodities or  
3 replace cash sales for dollars. The Secretary shall endeavor to  
4 cooperate with other exporting countries in preserving nor-  
5 mal patterns of commercial trade with respect to commod-  
6 ities covered by formal multilateral international marketing  
7 agreements to which the United States is a party. Agencies  
8 of the United States Government procuring such services,  
9 materials, goods, or equipment are hereby directed to cooper-  
10 ate with the Secretary in the disposal of agricultural commod-  
11 ities by means of sales or exchange. The Secretary is also  
12 directed to assist, through such means as are available to him,  
13 farmers' cooperatives in effecting exchange of agricultural  
14 commodities in their possession for the above purposes."

15 SEC. 5. Section 407 of the Act is amended by striking  
16 out the entire section and substituting the following:

17 "SEC. 407. There is hereby established an Advisory  
18 Committee composed of the Secretary of State, the Secre-  
19 tary of the Treasury, the Secretary of Agriculture, the Di-  
20 rector of the Bureau of the Budget, the Administrator of  
21 the Agency for International Development, the chairman  
22 and the ranking minority member of both the House Com-  
23 mittee on Agriculture and the House Committee on Foreign  
24 Affairs, and the chairman and the ranking minority member  
25 of both the Senate Committee on Agriculture and Forestry

1 and the Senate Committee on Foreign Relations. The Ad-  
2 visory Committee shall survey the general policies relating  
3 to the administration of the Act, including the manner of  
4 implementing the self-help provisions, the uses to be made of  
5 foreign currencies which accrue in connection with sales for  
6 foreign currencies under title I, the amount of currencies  
7 to be reserved in sales agreements for loans to private  
8 industry under section 104 (e), rates of exchange, interest  
9 rates, and the terms under which dollar credit sales are made,  
10 and shall advise the President with respect thereto. The  
11 Advisory Committee shall meet not less than once during  
12 each calendar quarter at the call of the Acting Chairman of  
13 such Committee who shall preside during each quarter in the  
14 following order: The chairman of the House Committee on  
15 Agriculture, the chairman of the Senate Committee on  
16 Foreign Relations, the chairman of the Senate Committee on  
17 Agriculture and Forestry, and the chairman of the House  
18 Committee on Foreign Affairs.”

19 SEC. 6. Section 409 is amended by striking out “De-  
20 cember 31, 1968” and substituting “December 31, 1969.”

90<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION      **H. R. 16165**

[Report No. 1297]

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## A BILL

To extend the Agricultural Trade Development and Assistance Act of 1954, as amended, and for other purposes.

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By Mr. POAGE

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MARCH 25, 1968

Referred to the Committee on Agriculture

APRIL 23, 1968

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed





# **DIGEST** of Congressional Proceedings OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE  
WASHINGTON, D.C. 20250  
OFFICIAL BUSINESS

POSTAGE AND FEES PAID  
U.S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(FOR INFORMATION ONLY;  
NOT TO BE QUOTED OR CITED)

Issued April 29, 1968  
For actions of April 26, 1968  
90th-2nd; No. 70

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## SENATE

1. **CONSERVATION.** Continued debate on S. 1401, to amend title I of the Land and Water Conservation Fund Act of 1965. A motion to recommit the bill to the Interior and Insular Affairs Committee was pending at adjournment. p. S4553
2. **COTTON IMPORTS.** By unanimous consent S. 1975, to amend section 202 of the Agricultural Act of 1965 excluding from import quota extra-long-staple cotton received from countries which have severed diplomatic relations with the U.S. during the year prior to enactment, was taken from the calendar and referred to the Foreign Relations Committee. p. S4553

3. FOREIGN AID. Received from National Advisory Council on International Monetary and Financial Policies a report on the proposed replenishment of resources of the International Development Association. p. S4533
4. COPY MACHINES. Received a GAO report on "improvements in management controls over office copying machines, Department of Agriculture." p. S4533
5. FLOOD CONTROL. Sen. Young, Ohio, announced that a subcommittee of the Public Works Committee has scheduled public hearings May 14-16 and May 21-23 on various water resource projects recommended by the Chief of Engineers, U.S. Army. He said that, upon conclusion of these hearings, an omnibus rivers and harbors and flood control bill will be drafted. p. S4536
6. CONTRACT CLAIMS. Sen. Tydings announced that a subcommittee of the Judiciary Committee will hold hearings May 8 on S. 3163, to give U.S. courts jurisdiction over contract claims against nonappropriated fund activities. p. S4536
7. PATENTS. Sen. McClellan announced that copies of a proposed substitute for S. 1042, "the administration's patent reform bill," are available in the Patents, Trademarks, and Copyrights Subcommittee office. p. S4536
8. POTATOES. At Sen. Mansfield's request S. 562, the potato labeling bill, was "taken from the Calendar of General Orders of business and ordered to lie on the table and be placed under Subjects on the Table." Sen. Mansfield explained that any time the bill is to be called up, it can be called up from its present position. p. S4548
9. FARM PROGRAM. Received from this Department a proposed bill to provide continuing legislation for maintaining farm income, stabilizing prices and assuring adequate supplies of agricultural commodities; to Agriculture and Forestry Committee (p. S4533). Attached to this Digest is a summary of this proposed legislation.
10. PUBLIC LAW 480. As reported (Digest 67), H. R. 16165, to extend for one year the Agricultural Trade Development and Assistance Act of 1954, the committee bill would--
  - "(1) extend titles I and II of the act for 1 year, through December 31, 1969;
  - "(2) clarify the President's authority to accept foreign currencies for certain uses authorized by the act;
  - "(3) establish the policy that the United States should get a 'fair share' of any growth in commercial agricultural markets in developing nations;
  - "(4) permit special convertibility of foreign currency at mutually agreed to rates for the purpose of paying U. S. and foreign public works contractors;
  - "(5) permit the payment of U. S. importers in foreign currency;
  - "(6) place increased emphasis on rodent, insect, weed and plant and animal pest control programs in developing nations;
  - "(7) repeal stockpile barter; and
  - "(8) reduce the size of the joint Congressional-Executive Advisory Committee and establish a regular meeting procedure."





# **DIGEST of Congressional Proceedings**

## **OF INTEREST TO THE DEPARTMENT OF AGRICULTURE**

UNITED STATES DEPARTMENT OF AGRICULTURE  
WASHINGTON, D. C.  
OFFICIAL BUSINESS

20250

POSTAGE AND FEES PAID  
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
FOR INFORMATION ONLY;  
NOT TO BE QUOTED OR CITED)

Issued May 8, 1968  
For actions of May 7, 1968  
90th-2nd; No. 77

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HIGHLIGHTS: House Rules Committee cleared Public Law 480 bill. Rep. Vigorito introduced and discussed bill to prohibit unauthorized use of "USDA" grade labeling.

### HOUSE

1. PUBLIC LAW 480. The Rules Committee reported a resolution for consideration of H. R. 16165, to extend and amend the Agricultural Trade Development and Assistance Act. p. H3453
2. HOLIDAYS. By a 350-27 vote, agreed to consider H. R. 15951, to provide for certain uniform Monday holidays (pp. H3413-16). This bill is to be debated today, May 8 (p. D401).

3. APPROPRIATIONS. The Rules Committee reported a resolution waiving points of order against H. R. 17023, the independent offices and HUD appropriation bill (p. H3453). This bill is to be debated today, May 8 (p. D401).
4. RECLAMATION. The Rules Committee reported resolutions for consideration of H. R. 3300, to authorize the Colorado River Basin reclamation project and S. 3033, to increase the authorization for the Missouri River Basin reclamation project. p. H3453
5. FORESTRY. The Judiciary Committee reported with amendment H. R. 3165, for relief of Hood River County, Oreg., in connection with alleged timber trespass arising out of timber sales (H. Rept. 1358). p. H3453
6. COMMODITY RESERVES. Received from this Department a proposed bill to provide for establishment and maintenance of strategic reserve stocks of agricultural commodities by producers and Commodity Credit Corporation for national security, public protection, meeting international commitments, etc. To Agriculture Committee. p. H3453
7. BUILDINGS; PROPERTY. The Public Works Committee voted to report (but did not actually report) H. R. 16981, limiting the use for demonstration purposes of any federally owned property in D. C. (p. D402). Rep. Cramer commended the bill (p. H3433).
8. FOREIGN TRADE. Rep. Herlong spoke in favor of H. R. 16936, to share domestic markets with imports and let them grow together. pp. H3433-6
9. TAXATION; EXPENDITURES. Rep. Moorhead recommended the compromise proposed by the Ways and Means Committee in connection with the taxation-expenditures bill. p. H3440
10. EMPLOYMENT. Rep. Goodell spoke in favor of H. R. 17028, to strengthen enforcement procedures of the Equal Employment Opportunity Commission. p. H3442
11. PERSONNEL. Rep. Gross asked that Government employees be prohibited from promoting the poor people's campaign on Government time. pp. H3442-3

SENATE

12. ARTS AND HUMANITIES. Passed as reported H. R. 11308, to amend the National Foundation on the Arts and Humanities Act of 1965 to authorize funding through fiscal year 1970, and make certain other changes of a technical nature. pp. S5011-6
13. FARM LABOR. Received a farm workers resolution calling for legislation to cover agricultural workers under the Unemployment Act. p. S5041
14. FREIGHT RATES. Sen. Church was added as a cosponsor of S. 3410, to establish an advisory commission to make a study and report with respect to freight rates for farm products. p. S5046

CONSIDERATION OF H.R. 16165

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MAY 7, 1968.—Referred to the House Calendar and ordered to be printed

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Mr. YOUNG, from the Committee on Rules,  
submitted the following

R E P O R T

[To accompany H. Res. 1163]

The Committee on Rules, having had under consideration House Resolution 1163, reports the same to the House with the recommendation that the resolution do pass.





90<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# House Calendar No. 235

# H. RES. 1163

[Report No. 1361]

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## IN THE HOUSE OF REPRESENTATIVES

MAY 7, 1968

Mr. YOUNG, from the Committee on Rules, reported the following resolution; which was referred to the House Calendar and ordered to be printed

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## RESOLUTION

1       *Resolved*, That upon the adoption of this resolution it  
2 shall be in order to move that the House resolve itself into  
3 the Committee of the Whole House on the State of the Union  
4 for the consideration of the bill (H.R. 16165) to extend the  
5 Agricultural Trade Development and Assistance Act of  
6 1954, as amended, and for other purposes, and all points  
7 of order against said bill are hereby waived. After general  
8 debate, which shall be confined to the bill and shall continue  
9 not to exceed two hours, to be equally divided and controlled  
10 by the chairman and ranking minority member of the Com-  
11 mittee on Agriculture, the bill shall be read for amendment  
12 under the five-minute rule. At the conclusion of the considera-

1 tion of the bill for amendment, the Committee shall rise  
2 and report the bill to the House with such amendments as  
3 may have been adopted, and the previous question shall  
4 be considered as ordered on the bill and amendments thereto  
5 to final passage without intervening motion except one mo-  
6 tion to recommit. After the passage of H.R. 16165, the  
7 Committee on Agriculture shall be discharged from the  
8 further consideration of the bill S. 2986, and it shall then  
9 be in order in the House to move to strike out all after the  
10 enacting clause of the said Senate bill and to insert in lieu  
11 thereof the provisions contained in H.R. 16165 as passed by  
12 the House.



90<sup>TH</sup> CONGRESS  
2d SESSION  
**H. RES. 1163**

[Report No. 1361]

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## RESOLUTION

Providing for consideration of H.R. 16165 to extend the Agricultural Trade Development and Assistance Act of 1954, as amended, and for other purposes.

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By Mr. YOUNG

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MAY 7, 1968

Referred to the House Calendar and ordered to be printed





# DIGEST of Congressional Proceedings

## OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE  
WASHINGTON, D. C. 20250  
OFFICIAL BUSINESS

POSTAGE AND FEES PAID  
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(FOR INFORMATION ONLY;  
NOT TO BE QUOTED OR CITED)

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90th-2nd; No. 82

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HIGHLIGHTS: House passed Public Law 480 bill. House Rules Committee cleared grain-standards, emergency-loans and emergency-credit revolving fund bills. Senate sub-committee approved bills on Kerr Memorial, Cradle of Forestry, and watershed construction. Rep. St. Onge introduced and discussed egg marketing bill.

### HOUSE

1. PUBLIC LAW 480. Passed S. 2986, to extend the Agricultural Trade Development and Assistance Act of 1954 (pp. H3715-16, H3721-39), with an amendment to substitute the language of H. R. 16165, which was passed earlier with the following amendments: By Rep. Findley, that "the Commodity Credit Corporation shall not finance the sale and export of agricultural commodities under this Act for any exporter which in the 6 months immediately preceding the application for such financing has engaged in any sales, trade, or commerce with North Vietnam, or with any resident thereof..." (pp. H3730-32), and by Rep. Steiger, Wisc.,

370-21, to "provide that the ratio of the value of dairy products exported under this act to the value of all agricultural products so exported is approximately the same as the ratio of the value of dairy products produced in the United States to the value of all agricultural products produced in the United States" (pp. H3734-38). Rejected an amendment by Rep. Findley to protect the interests of small businesses participating under the act (pp. H3732-4). For other provisions see Digest 70. H. R. 16165 was tabled.

2. GRAINS; POULTRY; CREDIT; CONSERVATION. The Rules Committee reported resolutions for the consideration of H. R. 15794, to provide for U. S. standards and a national inspection system for grain; H. R. 16363, to clarify and otherwise amend the Poultry Products Inspection Act; H. J. Res. 1227, to authorize the temporary funding of the emergency credit revolving fund; and H. R. 8578, to amend the Land and Water Conservation Fund Act. p. H3769
3. TAXATION; EXPENDITURES. Rep. Joelson inserted a copy of the letter he sent the President asking for a list of the programs to be included in the proposed \$6 billion reduction to assist him in determining his vote on the surcharge-expenditure cut conference report. p. H3715  
Rep. Vanik stated he hoped the President "will not capitulate to the pressures and take a surtax on the basis of a \$6 billion cut in spending." p. H3746  
Rep. Curtis discussed the tax increase and expenditure cut bill and questioned whether "this package will help in cutting back on inflation." pp. H3748-54
4. WATER POLLUTION. Rep. Blackburn discussed the provisions of his bill to provide a tax credit to industries which would construct water pollution control facilities. pp. H3757-8
5. RECLAMATION. Rep. Johnson, Calif., discussed some of the issues "which will have a direct bearing" on the scheduled debate on the Colorado River Basin bill. pp. H3739-44
6. OPINION POLL. Rep. Burke, Fla., inserted the results of a questionnaire including items of interest to this Dept. pp. H3758-9
7. FOREIGN AFFAIRS. Rep. Fascell inserted the exchange of remarks between the President and the Secretary General of the OAS in which they discussed the Alliance for Progress, the Inter-American Development Bank, the Central American Common Market and Latin American Free Trade Association. pp. H3767-8
8. FOREIGN AID. Rep. Berry stated that he had submitted to the House Foreign Affairs Committee a proposed substitute for H. R. 15263, the proposed Foreign Assistance Act of 1968. pp. H3763-4
9. WATER QUALITY. Rep. Cleveland inserted comments of the New England Interstate Water Pollution Control Commission warning of "drastic consequences" if the proposed water quality improvement bill is passed. pp. H3762-3

Johnstown, where Swank's headquarters and mother plant are located, is also the home of Swank Refractories Co.'s new research center, where the most competent technicians use the most modern equipment.

Mr. Speaker, Hiram Swank was among the industrial pioneers whose vision and initiative brought Americans a better way of life. His effort and that of his successors have been especially fruitful to Johnstown and other communities where Swank refractories are located, but the benefits have extended throughout this Nation and into most of the free world. For when the steel industry requires new and improved refractory products, Hiram Swank stands ready to provide them.

#### TAX SURCHARGE AND SPENDING CUTS

(Mr. JOELSON asked and was given permission to address the House for 1 minute, and to revise and extend his remarks, and to include extraneous matter.)

Mr. JOELSON. Mr. Speaker, this morning I sent the following letter to the White House, to the President:

MAY 14, 1968.

President LYNDON B. JOHNSON,  
The White House,  
Washington, D.C.

DEAR MR. PRESIDENT: I am writing to you about the fact that House-Senate conferees have tied a mandatory, but undetailed cut of \$6 billion in federal spending to the tax surcharge. As I understand the proposal, the Congress is not required to do all the cutting itself, but can pass the buck to the Executive branch.

The acceptance of the Conference report will result in an abdication of the responsibility of the Legislative branch of government to allocate funds for government programs and agencies. While ostensibly casting its supporters in the role of the economizer, the Conference plan would allow Congress to continue blithely on its way, approving unlimited spending measures and making no voting blocs unhappy. After passing our mammoth appropriation bills, we would then turn to the President and implore "big Daddy" to protect us against our own profligacy.

In order that I might be assisted in determining my own vote on the Conference report, I would greatly appreciate it if you would supply me with a list of the programs you will cut to achieve the \$6 billion reduction, and the amount by which each specific program would be cut if the Conference report is adopted.

Warm personal regards.

Sincerely,

CHARLES S. JOELSON,  
Member of Congress.

Mr. Speaker, it is my opinion that all of the Members should know what is going to be cut so that later on they cannot howl and cry about the fact that they did not know what was going to occur.

#### PERMISSION FOR COMMITTEE ON RULES TO FILE PRIVILEGED REPORTS

Mr. COLMER. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

#### PROVIDING FOR CONSIDERATION OF HOUSE JOINT RESOLUTION 1224, AUTHORIZING THE APPOINTMENT OF THE PRESENT CHAIRMAN OF THE JOINT CHIEFS OF STAFF FOR AN ADDITIONAL TERM OF 1 YEAR

Mr. ANDERSON of Tennessee. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1168 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 1168

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the joint resolution (H.J. Res. 1224) to authorize the President to reappoint as Chairman of the Joint Chiefs of Staff, for an additional term of one year, the officer serving in that position on April 1, 1968. After general debate, which shall be confined to the joint resolution and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Armed Services, the joint resolution shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the joint resolution for amendment, the Committee shall rise and report the joint resolution to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the joint resolution and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. ANDERSON of Tennessee. Mr. Speaker, I yield 30 minutes to the distinguished gentleman from California [Mr. SMITH] and, pending that, I yield myself such time as I may consume.

(Mr. ANDERSON of Tennessee asked and was given permission to revise and extend his remarks.)

Mr. ANDERSON of Tennessee. Mr. Speaker, House Resolution 1168 provides an open rule with 1 hour of general debate for consideration of House Joint Resolution 1224.

The purpose, as stated in the title, is to authorize the President to reappoint as Chairman of the Joint Chiefs of Staff, for an additional term of 1 year, the officer serving in that position on April 1, 1968. That officer is, of course, Gen. Earle G. Wheeler, who is nearing the end of his second 2-year term.

The United States Code provides that the Chairman of the Joint Chiefs of Staff shall be appointed by the President, by and with the advice and consent of the Senate, from the officers of the Regular components of the Armed Forces, to serve at the pleasure of the President for a term of 2 years. Existing law also provides that an individual appointed as Chairman may be reappointed for one additional term, but may not thereafter be reappointed except in time of war declared by Congress.

The President and the Secretary of De-

fense have requested that General Wheeler be reappointed for an additional term of 1 year.

Mr. Speaker, I urge the adoption of House Resolution 1168 in order that House Joint Resolution 1224 may be considered.

I reserve the balance of my time.

Mr. SMITH of California. Mr. Speaker, I yield myself such time as I may consume.

I have taken this time simply to say that I concur and share in and associate myself with the remarks which have just been made by the distinguished gentleman from Tennessee [Mr. ANDERSON] in the explanation of this rule, and I urge its adoption.

Mr. ANDERSON of Tennessee. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

#### PROVIDING FOR CONSIDERATION OF H.R. 16165, EXTENSION AND AMENDMENT OF PUBLIC LAW 480, 83D CONGRESS

Mr. ANDERSON of Tennessee. Mr. Speaker, by direction of the Committee on Rules, and on behalf of the gentleman from Texas [Mr. YOUNG], I call up House Resolution 1163 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 1163

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 16165) to extend the Agricultural Trade Development and Assistance Act of 1954, as amended, and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit. After the passage of H.R. 16165, the Committee on Agriculture shall be discharged from the further consideration of the bill S. 2986, and it shall then be in order in the House to move to strike out all after the enacting clause of the said Senate bill and to insert in lieu thereof the provisions contained in H.R. 16165 as passed by the House.

The SPEAKER. The gentleman from Tennessee [Mr. ANDERSON] is recognized for 1 hour.

Mr. ANDERSON of Tennessee. Mr. Speaker, I yield 30 minutes to the distinguished gentleman from Ohio [Mr. LATTA] and, pending that, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1163 provides an open rule with 2 hours of general debate, waiving points of order,

for consideration of H.R. 16165 to extend the Agricultural Trade Development and Assistance Act of 1954, as amended, and for other purposes. The resolution also provides that, after passage of H.R. 16165, the Committee on Agriculture shall be discharged from further consideration of the bill S. 2986, and it shall be in order to move to strike out all after the enacting clause of the Senate bill and amend it with the House-passed language.

H.R. 16165, to extend and amend the law popularly known as Public Law 480, would:

First, extend titles I and II of the act for 1 year, through December 31, 1969;

Second, clarify the President's authority to accept foreign currencies for certain uses authorized by the act;

Third, establish the policy that the United States should get a "fair share" of any growth in commercial agricultural markets in developing nations;

Fourth, permit special convertibility of foreign currency at mutually agreed to rates for the purpose of paying U.S. and foreign public works contractors;

Fifth, permit the payment of U.S. importers in foreign currency;

Sixth, place increased emphasis on rodent, insect, weed, and plant and animal pest control programs in developing nations;

Seventh, rewrite the stockpile barter; provisions; and

Eighth, reduce the size of the joint Congressional-Executive Advisory Committee and establish a regular meeting procedure.

Mr. Speaker, I understand this bill was unanimously approved by the Committee on Agriculture, I urge the adoption of House Resolution 1163 in order that H.R. 16165 may be considered.

Mr. HALL. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of Tennessee. I am happy to yield to the distinguished gentleman from Missouri.

Mr. HALL. Mr. Speaker, I appreciate the gentleman yielding, and I believe the gentleman has explained the rule, and the bill that it would make in order; but, the gentleman has failed, insofar as my ability to hear is concerned, to discuss lines 6 and 7 of House Resolution 1163 where it says "all points of order against said bill are hereby waived."

I wonder if the distinguished gentleman from Tennessee would advise the Members of the House why it is again necessary to waive the prerogatives of the individually elected Members of the House against points of order on said bill?

Mr. ANDERSON of Tennessee. I understand that incorporated within the bill, as has been the case in the past, there are certain authorities for the transfer of funds. I believe it is planned to explain these in detail in general debate.

Mr. HALL. Mr. Speaker, the gentleman cannot cite the line or page of the bill wherein this transfer of funds, to which we might want to take exception, thereby voting down the rule—or attempting to—in order to amend this resolution.

I understand that these requests are discussed before the Committee on Rules before such waiver of all points of order is granted, or at least it is so represented often to the House that the Committee on Rules has in general an anathema against points of order. But I notice they yield and waive it more and more often recently.

For example, last week when we had three rules—or resolutions—making different bills in order, each of which waived a point of order or some points of order.

Could the gentleman cite wherein in the bill there is a transfer of funds?

Mr. ANDERSON of Tennessee. I do not have that presently before me. I may say to the gentleman that the Committee on Rules too is concerned about the matter to which the gentleman is addressing himself and just recently has made it a requirement that when a committee comes before the Committee on Rules and requests a waiver of points of order that we must be supplied in detail and in writing with the reasons therefor. That procedure was not adopted by the committee until after this bill was reported out so I am sorry that we do not have that statement in this instance.

Mr. HALL. I presume then that information and data concerning the reason why the points of order are waived will be available in the future at the time the resolution is considered and the "Bible and verse" quoted as to why the point was waived. We are getting far too many explanations from the committee—"But" we did this, and so forth. Can the gentleman tell me if the committee which will be handling this bill on Public Law 480, the so-called food-for-peace funds, requested it or was it substituted by the Parliamentarian or if the Committee on Rules itself felt that this was necessary?

Mr. ANDERSON of Tennessee. It was requested by the Committee on Agriculture and they will be prepared to explain it in detail precisely as to the requirement for it. I assure the gentleman that in the future, it will be a firm requirement when any committee comes before the Committee on Rules with a request for a waiver of points of order that the requirement will be in a detailed and substantiated written statement which will be available for all those who have an interest in the matter.

Mr. HALL. Mr. Speaker, if the gentleman will yield further, I certainly would hope so. We have been, so to speak, "making book" on these waiving of points of order and their sources, and it is high time that we protected the rights of individual Members on such waivers.

I am glad the gentleman from Tennessee agrees with me and I am glad to hear of the committee's plans for the future. But, Mr. Speaker, I have to reserve a right to object to this particular resolution since that information is not available and apparently, no member of the committee to handle the bill which this rule makes in order can comment on it.

I thank the gentleman for yielding.

Mr. ANDERSON of Tennessee. Mr. Speaker, I reserve the balance of my time.

The SPEAKER. The Chair recognizes the gentleman from Ohio [Mr. LATTA].

Mr. LATTA. Mr. Speaker, I agree with the statement made by the gentleman from Tennessee.

I want to point to section 303 of this bill, it will answer the question raised by the gentleman from Missouri for the reason for waiving points of order.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. ANDERSON of Tennessee. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

#### AUTHORIZING THE APPOINTMENT OF THE PRESENT CHAIRMAN OF THE JOINT CHIEFS OF STAFF FOR AN ADDITIONAL TERM OF 1 YEAR

Mr. RIVERS. Mr. Speaker, I ask unanimous consent that the joint resolution (H.J. Res. 1224) to authorize the President to reappoint as Chairman of the Joint Chiefs of Staff, for an additional term of 1 year, the officer serving in that position on April 1, 1968, be considered in the House as in Committee of the Whole.

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The Clerk read the joint resolution, as follows:

H.J. RES. 1224

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding section 142(a) of title 10, United States Code, the President may, by and with the advice and consent of the Senate, reappoint as Chairman of the Joint Chiefs of Staff, for an additional term of one year, the officer serving in that position on April 1, 1968.*

Mr. RIVERS. Mr. Speaker, I move to strike the last word.

(By unanimous consent, Mr. RIVERS was allowed to proceed for 5 additional minutes.)

The SPEAKER. The gentleman from South Carolina is recognized for 10 minutes.

Mr. RIVERS. Mr. Speaker, I asked for this procedure to save a little time, because it is not necessary for us to take a whole hour on this resolution.

The resolution is very simple. It would empower the President of the United States, by and with the advice and consent of the Senate, to extend the term of the Chairman of the Joint Chiefs one additional term of 1 year at the expiration of his present term of 2 years.

The National Security Act of 1947 provides that the Chairman of the Joint Chiefs of Staff shall be appointed for 2 years with the right of the President to appoint him for one additional term of 2 years in time of peace, but in time of war no limit is placed on his time of service. But in time of peace, after that ad-

However, this does not mean that if all U.S. forces were withdrawn, the U.S. deficit would be reduced by an equivalent amount due to the interaction of the various accounts in the balance of payments. For example, sales of military equipment to our allies could decline as well as nonmilitary imports from the U.S. It is, therefore, not possible to quantify with any precision what the net effect of such a withdrawal would be on the balance of payments.

Sincerely,

ROBERT N. ANTHONY,  
Assistant Secretary of Defense.

Mr. RIVERS. Mr. Speaker, I move the previous question on the joint resolution.

The previous question was ordered.

The SPEAKER. The question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the joint resolution.

The joint resolution was passed.

A motion to reconsider was laid on the table.

#### CALL OF THE HOUSE

Mr. SPRINGER. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. POAGE. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 136]

Abernethy	Green, Oreg.	O'Neill, Mass.
Ashley	Griffiths	Purcell
Bevill	Gurney	Resnick
Bolling	Hagan	Roberts
Carter	Halleck	Royal
Clark	Hansen, Idaho	Schadeberg
Conyers	Hansen, Wash.	Selden
Corman	Hardy	Slack
Delaney	Hébert	Stubblefield
Diggs	Herlong	Teague, Tex.
Dingell	Holifield	Tenzer
Dorn	Hutchinson	Ullman
Dow	Jarman	Wilson,
Flood	Kee	Charles H.
Ford,	Leggett	Wright
William D.	Long, La.	Young
Fraser	Mailliard	
Frelinghuysen	Olsen	

The SPEAKER. On this rollcall 380 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

#### EXTENSION AND AMENDMENT OF PUBLIC LAW 480, 83D CONGRESS

Mr. POAGE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 16165) to extend the Agricultural Trade Development and Assistance Act of 1954, as amended, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Texas.

The motion was agreed to.

#### IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House

on the State of the Union for the consideration of the bill H.R. 16165, with Mr. MOORHEAD in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Texas [Mr. POAGE] will be recognized for 1 hour, and the gentleman from Oklahoma [Mr. BELCHER] will be recognized for 1 hour.

The Chair recognizes the gentleman from Texas [Mr. POAGE].

Mr. POAGE. Mr. Chairman, this legislation will extend for 1 year what we generally know as Public Law 480, which is legislation authorizing the sale of agricultural commodities to foreign nations on concessional terms.

Some of us, I am sure, think of this program only in terms of selling for foreign currencies. That was the original intent of the bill. Over the years it has become evident that a good many countries could buy for dollars if given concessional terms, and under the provisions of the present title I of the act we are now selling to most of the countries of the world on a dollar credit basis.

I believe that last year there were only 10 countries which availed themselves of the foreign currency payments.

Mr. Chairman, over the years we have seen a remarkable transition on the part of a great many countries. Many of our best customers today were a few years ago buying agricultural commodities from the United States for foreign currencies. Japan, which is today our second best customer, was a substantial recipient of Public Law 480 assistance. Japan has in recent years shifted from paying the United States in yen, and has been making those payments in dollars, and continues to do so.

Spain was, for a number of years, a large recipient of Public Law 480 aid, and is today one of our good cash customers.

We have found in a great many countries that our program under Public Law 480 has developed some of our very best cash markets. We believe that we are going to be able to continue that kind of practice with the continuation of this program, and that is why we bring you the program today.

Actually, the need in some foreign nations has fortunately greatly diminished in the last few years. That has been due to the fortuitous weather conditions in the subcontinent of India. In 1966 the Indian grain production was about 72 million tons. Last year, in 1967, it went above 100 million tons. The members can see that the need for American assistance was in a large part resolved. If that kind of production can continue, we would not expect to have anything like the shipments of grain that we have been making in recent years.

We would not need to make them available and the Indians would not need to buy the commodities.

But we know that the drought will come again. We know that 1967 was not an especially good year from that standpoint. We hope that next year will not be as bad as 1966, but it will probably be somewhere in between.

There is going to be a need for American agricultural products in a good many

countries of the world for a long time to come, and in a great many of these countries there is not going to be the buying power with which to buy these commodities with dollars and to pay cash for them.

We are hopeful, and we think that experience shows, that over the years a large part of these purchases will be made for dollars on credit.

Now I want to speak on a subject about which there has been a great deal of misunderstanding. We are receiving very substantial payments now. We are getting back a very large amount of what we have been putting out in the form of dollars today. We received, I believe it was, \$350 million roughly in payments. Those are payments primarily for commodities that were delivered 10 and 12 years ago, but we are receiving payments now, substantial amounts in dollars.

In addition, we have been able in the last 2 years—in the last year—to use a very large part of the sales made under Public Law 480 to help rather than to burden our balance of payments.

I know there are members who are under the impression that if we spend \$1.6 billion for this program that that means that money comes out of the Treasury. It comes out of the Treasury and is paid to American producers—but it stays in the United States.

We do not ship this money abroad. We ship only the agricultural products and the shipment of agricultural products does not reduce our money resources abroad. On the other hand, last year we sold to countries that were giving us military aid—a very substantial amount of agricultural products and received military aid in return. To the extent that we received this aid in return, we reduced the calls on the United States for American dollars and thereby improved rather than hurt our balance of trade with the rest of the world. In other words, we paid some \$386 million worth of needed goods and services with foreign currencies. Without this program these payments would have had to be made in dollars.

So we find that actually Public Law 480 has directly reduced our expenditure of dollars over the world and has not sent any American dollars anywhere but has used American food in many cases to secure the goods and services for which we would have otherwise had to use dollars.

Entirely apart from the large repayments of previous obligations which I mentioned a minute ago—entirely apart from that, we have been creating a substantial saving on our American balance of trade, which I think is all to the good and is something that we desperately need.

In addition to that, we have developed substantial cash markets which never could have been developed had we not used this tool, Public Law 480, as a means of developing those markets.

Right now we are selling very large quantities of wheat in Japan. How did we develop that market? We developed that market when we were selling Japan American wheat for yen. Today they are buying it for dollars. But had they not bought it for yen, at the present time they would still be eating rice.

Thailand or some other country would be selling that rice and not the United States.

In most of those cases these local currencies have developed into a payment in dollars. We still have a few large customers who are still buying for local currencies, but I am sure it will surprise you, as it surprised most members of our committee, that today there is not an American nation—not a nation in the Western Hemisphere—that is paying in local currency. They are all trading with us on a dollar basis. That is a tremendous achievement, and one which most of our people have not recognized as taking place.

So we felt in the committee it was vital that we extend this bill.

There is only the question as to the time of extension. The committee had all kinds of views, but we composed our views on the basis that we would extend it for one year. This is a 1-year extension only.

However, this bill comes to you with several amendments to the law as it now stands. There are about eight items in which we would change the existing law.

The first is a 1-year extension.

The second one would clarify the President's authority to accept foreign currencies for certain uses authorized by the act.

The third would establish the policy that the United States should get its fair share of any growth in the commercial agriculture markets in these developing nations. In other words, if the country is going to be able to buy part of its agricultural needs for cash, the United States must share fairly in that increased cash market if we are going to continue to give them a concessional market.

The fourth would permit special convertibility of foreign currency at mutually-agreed-to rates through sales to U.S. and foreign contractors for the purpose of paying wages earned in the development and consummation of works of public improvement in the purchasing country. That is a peculiar provision which I think could work greatly to the advantage of the United States and of the recipient countries. I recognize full well that some of the recipient countries would not accept it. We do not insist that they accept. We simply give them the opportunity.

We provide that the United States and the recipient foreign country could agree upon a use for up to 50 percent of these counterpart funds through sale of such funds to contractors to pay the entire labor cost of public construction projects. The labor costs are, of course, substantial in any roadbuilding, harbor construction, or anything of that kind. We propose to let the contractor get these counterpart funds by buying them from the United States at a discount. We do not propose to devalue the money of foreign countries. We propose to let the United States sell these currencies at a discount only to the extent that they will be used to pay for labor in the host country for public works.

In other words, if in India there is a contract involving a million dollars worth of labor, the contractor could buy his

currency from the United States, let us say, at a 30-percent discount and could thereby pay the local laborers a better wage and still be competitive. The rising per capita income resulting from such works would add to that country's ability to buy commercially the very commodities we desire to sell.

Still we will not be discounting the foreign country's money. This requires agreement of the foreign country as well as of the United States, but it does enable us to get a substantial amount in cash, because the contractor has to buy the rupes from the U.S. Government and pay us dollars. If we discount at 30 percent, we get 70 percent of it in dollars.

Frankly, if we get that, we are doing pretty well. I think it is a really good provision and one that will mean a little more money coming back to the United States and some more people will be working and thereby earning their own food needs in the host country.

We also permit the payment of U.S. importers in foreign currency. That is the fifth provision.

In the sixth place, we place increased emphasis on rodent, insect, weed and plant and animal pest control programs in developing nations.

In the seventh place, we repeal stockpile barter.

I think that last deserves a little explanation. There is what we know as direct barter. That is not involved in this provision at all. Direct barter is where we simply trade a bale of cotton for a calf. That is what we call direct barter. But we have also had a provision—and it doubtless served a useful purpose at the time—whereby we were enabled to build up stockpiles of various rare minerals, so-called strategic raw materials, let us say molybdenum. I do not know what molybdenum was selling for. Nobody knows the market price of molybdenum or the market price of black diamonds, or most of these exotic minerals we have been bringing in for stockpile purposes. Obviously the people who traded under the terms of that part of this law—they all lived in New York—fixed a price that was high enough on the molybdenum so they could take quite a loss on it if they traded for wheat. So the United States gave them, let us say, wheat in return. Then they took that wheat and sold that wheat in the markets of the world at something less than the world price. The reason they were able to sell at a cut price was that their molybdenum had been priced well above its cost to the traders. It does not take a fourth-grade education to understand that if we are going to sell wheat at \$1.25 when the market has been \$1.35 the day before, that the next day the market will be \$1.25 for everybody's wheat, and everybody in the United States loses on the sale of their wheat as a result thereof.

As a result of that, we felt the time had come, since we do not need any more of these materials or stockpiles, when we ought to limit this kind of trading which has such a terribly deleterious effect upon the movement of our agricultural commodities.

Finally, we reduced the size of the joint Congressional-Executive Advisory Committee and established a regular meeting procedure. We think that will result in regular meetings of the committee. Most of us do not recognize we have a committee composed of majority and minority Members of the House and of the Senate which confers with the Executive in connection with these transactions, but we have no provision for meetings, and we have not had one for, I think, 18 months. So what we did was to cut the size of the committee and provide that it shall have meetings at least quarterly, and we put the responsibility on a fixed individual.

That, then, covers the changes proposed by this bill for the next year's operation of Public Law 480. We hope the House will agree that it is important to continue this legislation and that the changes made were all relatively minor. We look upon them rather as house-keeping changes, that bring this program abreast of the times; they were all accepted by all of our Members. We hope they will meet with the approval of the House and the House will pass this legislation.

Mr. DENT. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Pennsylvania.

Mr. DENT. Mr. Chairman, is it my understanding this legislation authorizes Public Law 480 until June 30, 1969?

Mr. POAGE. That is correct.

Mr. DENT. Mr. Chairman, can the gentleman give me the specific reasons for adding this sum—in the eyes of the public at least at this moment—to our expenditures, as it were, when we are talking about cutting back \$6 billion?

What is the total amount 1 year would represent, if this is extended another year?

Mr. POAGE. We have been spending an average of about \$1.5 billion or \$1.6 billion a year for a good many years on this. We anticipate the expenditures will remain just about the same. We have not proposed an increase in expenditures. We believe they will remain just about as they have been. All we have done is to extend it for 1 more year.

Mr. DENT. Does the gentleman mean that all the Public Law 480 commitments amount to about \$300 million or \$400 million a year?

Mr. POAGE. No, about \$1.5 billion or \$1.6 billion a year is what we have been spending.

Mr. DENT. About \$1.2 billion?

Mr. POAGE. About \$1.6 billion a year, or about \$1½ billion a year has been the average.

I have the exact figures here.

For 1964 we spent \$2 billion.

For 1965 we spent \$1.8 billion.

For 1966 we spent \$1.7 billion.

For 1967 we spent \$1.4 billion.

For 1968, which is the present fiscal year, we are spending \$1.3 billion.

Mr. DENT. This is an open-end authorization, without any limitation as to what may be spent in 1969; is that correct?

Mr. POAGE. These are the expenditures we have been making over a num-

ber of years. This bill does not change the authorization. We leave that exactly as it has been. We simply extend the period in which expenditures can be made.

Mr. DENT. What is the difference between the shipped price of commodities under Public Law 480 and what the Government pays for that part of the product that is subsidized? For instance, what is the market price of wheat in the world market?

Mr. POAGE. Of course, it depends on the commodity.

Mr. DENT. I asked about wheat particularly, because that is the bulk of it.

Mr. POAGE. Public Law 480 requires all sales to be made at the world market price. That is obtained by accepting bids. All Public Law 480 shipments are made under a bidding procedure whereby the low bidder is the one who supplies the commodity.

Actually, the world market price on wheat today is in the neighborhood of \$1.35. I do not remember exactly what it is. This is about the American price less the certificates.

Mr. DENT. Cotton ships at about \$42.50 less a bale than what it costs the Government at the present time, does it not?

Mr. POAGE. No; it does not ship at any less than what it costs the Government to buy the commodity. But we do have a number of subsidies in the United States which are payable when one is using the commodity in the United States. Most of them are not payable when one is shipping outside the United States in commercial transactions.

Mr. DENT. I may be all wrong, but having studied some part of our subsidy program in agricultural products, and particularly so with respect to cotton, I have discovered there is a differential on a bale of cotton of 500 pounds of the difference between about \$139.50 and \$172, which is the American price paid by the Government through its subsidy program; and we achieved some kind of a one-price market by giving American users of cotton, textile mills, the same price as we sold it to the foreign mills.

However, that only added about \$260 million to the cost to the taxpayer, because we did not reduce the price paid by the American Government or the taxpayer. The same is true with regard to wheat. As I understand it, wheat ships in its own market at a price less than what the Government guarantees the grower of wheat. While we give some kind of certificate to bakers and others in the United States, it still does not mean that we are not shipping to foreign countries at a cheaper price. What I am trying to find out is why, following your own remarks on the floor, there is no way of accurately measuring production in the field of agricultural products or what may come about through the vicissitudes of weather and so forth with regard to next year's crop or this year's crop, which some of us have already planted although not harvested. Why do we go ahead and extend this act, in view of these circumstances, which does not run out until June 30, 1969? This gives the impression, as I see it in the papers that are coming out with the comments of some writers

who may be well informed, although they do not put down their opinions correctly, or so it would appear to the people, at any rate, that we are adding on dollars to the obligations of this country at a moment when some of us are trying to cut back and some of us are holding out for a \$4 billion cut in spending, although it looks like what we will come out with is a \$6 billion cut in spending. How can we say on the one hand that we are cutting back \$6 billion in our spending when we are turning around here and adding an obligation today in this authorization of over \$1 billion to next year, 1969 fiscal year, spending? Is it necessary that we have in January when the new Congress comes in—and from the look of things it probably will be a new Congress that will be coming in—is it necessary that when the new Congress comes in in January they will have to undertake repealing this act rather than having it come before them to reenact it? I do not think we need to go into this particular action at this time. No one will be hurt if we wait until January. No one will starve if we wait until January, because shipments cannot be made until June 30 of next year, anyway. It has been helpful to have this measure enacted in this way in the past, but I see no need for it today under the conditions which exist with the tightness of money.

Mr. POAGE. Mr. Chairman, I will say that the answer to the gentleman's question is "Yes," "No," and "Maybe." The gentleman's question is something that I simply cannot follow.

Mr. DENT. I will repeat it.

Mr. POAGE. I cannot yield for another speech at this time. I have yielded for some 12 or 13 minutes.

Mr. DENT. May I have some time to speak in the well on this?

Mr. POAGE. No. I think I cannot yield further for such an involved question.

I did want to correct a statement I made in connection with an answer to the gentleman. I thought he was saying did the bill expire this year, that is, this January. He was saying next June. The bill does expire on the 31st day of December 1968. There is no opportunity for the next Congress to pass upon this. It must be acted upon at this session of the Congress. There should be some degree of security granted to those who are dealing with this. I think, I have taken too much time, but I do appreciate the consideration of the House.

Mr. BELCHER. Mr. Chairman, I yield myself such time as I may consume.

You have just heard the chairman of the committee do what I consider to be a very good job in explaining this bill. This bill was first passed in 1954. It has been extended from time to time until it now expires on December 31, 1968. There were some amendments made to this bill which I think make it a better bill and which the chairman has explained.

In my opinion we will be able to recover more value out of our foreign currencies than we have ever been able to do before. It is my further opinion that the provision which provides that certain contractors may pay for prod-

ucts with foreign currencies bought from the United States will enable us to recover a part of these foreign funds.

Mr. Chairman, at this time I yield 5 minutes to the distinguished gentlewoman from Washington [Mrs. MAY].

(Mrs. MAY asked and was given permission to revise and extend her remarks.)

Mrs. MAY. Mr. Chairman, as has been pointed out by the distinguished chairman of our committee and others, the bill before us today would continue and strengthen what has been termed a "landmark law" and a "cornerstone of American agricultural and foreign policy for the past 14 years," the Agricultural Trade Development and Assistance Act of 1954—Public Law 480.

I am proud of the accomplishments of the food-for-peace program over the years, Mr. Chairman, and I am pleased to be a member of the committee whose responsibility it has been to recommend improvements and extensions of the program from time to time.

Enacted under the Eisenhower administration in 1954, Public Law 480 has been directed toward the achievement of a number of goals—the promotion of expanded trade and commerce between the United States and friendly nations throughout the world, the furtherance of foreign policy of the United States, the orderly and useful disposition of excess productivity of American agriculture, rendering of assistance to friendly developing nations, and providing humanitarian aid to hungry people throughout the world.

With the extension of the law in 1966, the program was modified to reflect a greater emphasis on self-help on the part of the developing nations receiving Public Law 480 assistance. In addition, the concept of "surplus" was removed from the program, and for the first time it became possible for agricultural commodities not in excess supply to be eligible for sales or donation under the act.

As is pointed out in our committee report on this bill, Mr. Chairman, through the years that the food-for-peace program has been operative, our committee has attempted to emphasize and implement each of the program's goals within the framework of a "graduation" theory. The basis of this theory is that the end result of the program in each country should be the eventual development of a commercial market, but that the program should start with whatever is most needed by that country at the time, which usually would be outright donations of food where people are in immediate need.

As our committee has pointed out, this theory has proven itself many times through the development of commercial markets in Japan, Israel, Taiwan, Korea, Italy, Spain, and the Philippines, for example.

Over the past 14 years since the enactment of Public Law 480, nearly \$11 billion of U.S. farm products have been exported and sold for local currencies. Dollar credits have accounted for nearly \$750 million worth, donations more than \$3 billion, barter about \$2.6 billion, and AID and mutual security programs \$2.2

billion. All in all, \$17.2 billion in U.S. farm commodities have been exported under Public Law 480 since 1954.

The development of new commercial markets for U.S. agriculture through the food-for-peace program has been of immeasurable benefit to U.S. farmers and to our balance-of-payments situation. Were it not for the \$6.4 billion in agricultural exports during 1967, two-thirds of which were commercial sales, our balance-of-payments position would have been far, far worse than it is today.

But, Mr. Chairman, all its accomplishments notwithstanding, I believe that Public Law 480 holds even more potential as a force for peace and stability in the world. I believe that the food-for-peace program can be used to much greater effect by this Nation as an instrument in our attack on the critical world food and population crisis.

To utilize this potential, however, will require some rather fundamental changes in our approach—we must begin to think and act more in terms of a basic, coordinated, overall approach to the world food and population crisis, rather than continue to use the old "scatter gun" method on which we have relied so heavily in the past.

This Nation cannot feed the hungry world. We have been over that ground before, and recognize that our national resources are far from limitless. Yet, the United States is the single largest economic and agricultural unit in the world, and there is much we can do.

Our food aid programs have been effective in the past—but not as effective as they could have been had more attention been given to relating their aims and objectives to the goals of our other foreign assistance programs. By this I mean pulling together the whole "ball of wax" to see if all our assistance efforts are even pointed in the same direction.

Three years ago, Mr. Chairman, in October of 1965, I joined other members of the House Republican Task Force on Agriculture in calling for a comprehensive effort to study and plan the U.S. role in meeting the challenge of the world food and population crisis. Along with many of my colleagues in the House, I introduced legislation calling for a U.S. World Food Study and Coordinating Commission "to study world food and agriculture needs, to coordinate present U.S. efforts toward meeting these needs, and to evaluate the future role of U.S. agriculture and other resources in the light of present and projected world food and population trends."

A primary goal of this effort was to have been the coordination of all our food aid and other assistance programs, and an attempt to relate our agricultural capacity and the needs of U.S. farmers to our overall foreign assistance objectives.

I was keenly disappointed that no action was taken on this proposal. The idea was dismissed by some as impractical because "we don't have time for all this planning—people are hungry now." Although in the interim some additional limited progress in meeting the demands of the world food and population crisis has been achieved, how much more progress could have resulted had there been

a greater attempt to plan and coordinate our efforts?

I would remind my colleagues that, had we taken prompt action on that proposal in 1965, the Commission study which it required would have been completed by January of last year.

In 1966, our House Agriculture Committee and Congress adopted an amendment to Public Law 480 which would have significantly improved coordination of all our foreign assistance programs had it been effectively utilized over the past 2 years. This amendment was a proposal I offered to establish a committee "to advise the President with respect to general policies relating to the administration of the act."

This advisory committee is composed of the Secretary of State, the Secretary of the Treasury, the Secretary of Agriculture, the Director of the Bureau of the Budget, the Administrator of the Agency for International Development, the chairman, the vice chairman and the two ranking minority members of the House Committee on Agriculture and the House Committee on Foreign Affairs, and the chairman, the next ranking majority member and the two ranking minority members of the Senate Committee on Agriculture and Forestry and the Senate Committee on Foreign Relations.

However, to my knowledge, the advisory committee has never met, and this potential for coordination of foreign assistance objectives and programs has not been realized.

This year I proposed and our committee accepted an amendment which would make some important changes in the law relating to this advisory committee—some changes which I hope will provide a more effective utilization of the potential offered by this committee. At this point I would like to quote from our Agriculture Committee report relating to these proposed changes:

7. Section 407 dealing with the organization and functions of the Joint Legislative-Executive Advisory Committee would be revised.

The proposed amendment to section 407 would decrease the size of the Advisory Committee from 21 members to 13 members, while establishing a regular meeting schedule. In addition, it would require the Advisory Committee to meet at least quarterly, and it sets forth a rotating chairmanship to be shared by the four chairmen of the appropriate congressional committees.

The committee feels that this Advisory Committee has not functioned as effectively as it could.

Unfortunately, a "communication gap" has developed between two great committees of the House. This was manifested last year when the House Committee on Foreign Affairs adopted an amendment to the foreign aid bill proposing to bring Public Law 480 within its legislative jurisdiction. The House deleted the proposed jurisdictional change from that bill and this committee thereby retained its basic and historical jurisdiction over the program.

This committee recognized that Public Law 480 has a direct influence on foreign policy, and it feels that the other committee's advice and counsel on the foreign policy ramifications of this program would be most helpful. Conversely, this committee feels the same advice and counsel from Agriculture Committee members will be useful to that committee in their deliberations and decision on general foreign policy questions.

This amendment, therefore, would require the Advisory Committee to meet at least four times each year, starting with the calendar quarter in which this bill is enacted. If there was no business to transact, the meetings could be brief. If there were a need for more meetings, the Committee could meet as frequently as necessary. The amendment would establish a rotating acting chairmanship of the Committee. Someone must call any meeting to order. Just as the House committees are called in regular rotation under the "Calendar Wednesday" procedure, the Advisory Committee would meet at the call of the acting chairman in the order listed in the amendment. The rotation order of chairmanship is designed to provide the maximum comity between all four committees and both bodies of the Congress.

Mr. Chairman, I am hopeful that this new requirement for regular meetings of the advisory committee, and the change in its makeup to a more workable size will provide the ingredients necessary to make it a functioning, effective coordinating vehicle in the future—a vehicle through which Public Law 480 and our related assistance programs can be brought closer together in purpose and objective, and can become more useful instruments for achieving peace and stability in the world.

In conclusion, Mr. Chairman, the bill before us incorporates a number of changes to the food-for-peace program which I believe will serve to improve its operation in the future. Our committee has expended a considerable amount of time, effort, and thought on this legislation to make the program even more responsive to our increasing responsibilities as a nation, our needs, and the needs of the world. I urge all my colleagues in the House to support this bill.

Mr. BELCHER. Mr. Chairman, I yield such time as he may consume to the gentleman from North Dakota [Mr. KLEPPE].

Mr. KLEPPE. Mr. Chairman, Public Law 480 is known by many names—the Agricultural Trade Development and Assistance Act of 1954, the food-for-peace program and more recently, as the food-for-freedom program. Under any name, it has been an outstanding success.

It has rescued from hunger, malnutrition, and even death millions of people around the world. Since its inception in 1954, this program has moved into consumption abroad \$17.2 billion worth of U.S. agricultural commodities. It has helped substantially to build permanent dollar markets overseas. It is, in fact, a foreign aid program which not only reaches the people of the underdeveloped countries without placing additional strain on the U.S. balance-of-payments deficit but which actually reduces that deficit by expanding normal, commercial markets.

Japan, for example, in 1956 imported \$370 million worth of American farm products, one-third of it under Public Law 480. Today, Japan buys \$1 billion worth of our farm products each year, all of it for dollars. In 1956, Italy imported \$114 million worth of U.S. farm products, one-third of it under Public Law 480. Now Italy buys \$300 million worth each year, all for dollars.

This program has played a major role in pushing American farm exports to-

ward an annual total of nearly \$7 billion, with commercial exports accounting for \$5.2 billion.

No other foreign aid program can show such dramatic and constructive gains. This successful record is the strongest possible argument for the extension of Public Law 480.

Mr. BELCHER. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. ADAIR].

(Mr. ADAIR asked and was given permission to revise and extend his remarks.)

Mr. ADAIR. Mr. Chairman, it has very properly been pointed out here today that this bill definitely has a foreign policy aspect. With that I certainly agree.

As the Committee on Foreign Affairs considers the Foreign Assistance Act, one thing to which we address our attention, year after year, is the matter of unexpended funds or the pipeline.

I should like to put a few questions to the gentleman from Texas [Mr. POAGE] if I might.

It is my understanding that this bill authorizes in titles I and II the appropriation of \$2.5 billion. Am I correct in that?

Mr. POAGE. That is correct.

Mr. ADAIR. Can the gentleman now tell us how much unexpended money there is in this program?

Mr. POAGE. There is \$3,100,000,000 in title I and \$588,000,000 in title II.

Mr. ADAIR. Then in round numbers there is unexpended about \$3.7 billion.

Mr. POAGE. That is right.

Mr. ADAIR. Earlier in response to a question the gentleman recited the annual rate of expenditures for several recent years culminating, if I understood him correctly, in an estimated \$1,300,000,000 for this fiscal year.

Mr. POAGE. It is a little bit more than that.

Mr. ADAIR. \$1,400 billion?

Mr. POAGE. It is \$1,267 billion for title I plus \$425 million for title II.

Mr. ADAIR. So it would be \$1,600 million or a little more?

Mr. POAGE. Yes.

Mr. ADAIR. If I understood the gentleman further correctly, he estimated that the rate of expenditure would probably continue about at that level.

Mr. POAGE. Actually, the Committee on Appropriations figures it will be a little bit less than that. So I do not think it will continue quite at that level. It seems quite clear that it will be something less than that.

Mr. ADAIR. If I can ask the gentleman a further question. Is the \$3.7 billion available until expended?

Mr. POAGE. That is something that depends entirely upon the appropriations. I think you would get a more adequate and accurate answer from the Committee on Appropriations than from us because we do not prescribe the terms under which that is available.

Mr. ADAIR. That brings me then to the ultimate question along this line. That is, if we have \$3.7 billion available from past authorizations and appropriations, and if the expected level of expenditures is to run at about \$1,600,000,000—why do we need \$2½ billion additional authority at this time?

Mr. POAGE. We are not at all sure that you need the additional authority, but as I said a moment ago, that is something over which this committee has no jurisdiction at all, any more than the gentleman's committee has. It is something under the jurisdiction of the Committee on Appropriations, and I would not undertake to try to speak for them.

Mr. ADAIR. Would it be the gentleman's opinion that if this money were not authorized, that is the additional \$2½ billion, there would be sufficient money available to carry on the program that is anticipated?

Mr. POAGE. No, I would not say that, because if I could say that then I would, of course, answer the gentleman as he wants to be answered. But I do not know whether that money is available, and I do not think the legislative committee can make that determination. I think that depends entirely on the Appropriation Act, and I am not going to try to pass upon the Appropriation Act.

Mr. ADAIR. Mr. Chairman, I would conclude by saying I think Public Law 480, or the food-for-peace program has been a worthwhile program. I have supported it in the past and expect to continue to do so. However, I would re-emphasize the reservation that I have in my own mind about the necessity of the additional \$2.5 billion of authorization at this time.

Mr. BELCHER. Mr. Chairman, I yield such time as he may consume to the gentleman from Kansas [Mr. MIZE].

(Mr. MIZE asked and was given permission to revise and extend his remarks.)

Mr. MIZE. Mr. Chairman, as one of the authors of legislation to provide for the extension of Public Law 480, I am naturally pleased that we have this bill before us at this time. The bills which my Kansas colleagues and I introduced called for a 3-year extension of the program without changes. The House Agriculture Committee saw fit to report out this bill calling for an extension of only 1-year with certain changes believed to be necessary in updating the law in order to help it achieve its goals. I would not argue with the collective wisdom of the committee. In general, I am in agreement with keeping all programs of this kind under constant review to evaluate their effectiveness and to amend them in line with changing needs and conditions. The public interest may be better served by holding hearings on the bill again in the 91st Congress and giving it further evaluation.

There appears little doubt that this has been one of our most successful programs, not only for what it means to the agricultural economy of the country but what it means to the foreign policy of this Nation. As an indication of its value to the U.S. economy in general and the wheat producers in particular, I wish to call attention to an article which appeared in the April issue of the Great Plainsman, the publication of Great Plains Wheat, Inc. That article, "Public Law 480—A Priceless Plus," follows:

#### PUBLIC LAW 480—A PRICELESS PLUS

Almost five billion bushels valued at more than seven billion.

This is the quantity and value of U.S. Wheat which has been shipped under the provisions of Public Law 480 during the first 12 years of its existence from 1955 to 1966.

Either way, it all comes out the same. Public Law 480, or Food for Peace, has been a tremendous plus to wheat producers and the United States.

In addition to the above amounts of wheat, 27.7 million pounds of flour, bulgur and rolled wheat valued at more than \$1.1 billion has also been shipped. This adds to the value of the program which is now before Congress for extension.

During its existence, progress has been made in transforming this program from a temporary measure primarily of surplus disposal to a major tool in the worldwide struggle for freedom from hunger. It has also become an effective instrument to stimulate economic development and to support U.S. trade and foreign policy goals.

It is not easy to measure the accomplishments of a program with such multiple objectives as U.S. food aid. Hundreds of millions of people, including a high proportion of children, have benefited from food supplied by the United States. Food has been furnished to meet emergency situations and to meet nutritional needs as a contribution to the development of the economics of the recipient countries.

Loans to foreign governments for economic development are the largest item in the uses of foreign currencies generated under the foreign-currency provisions of the program.

Sales of commodities received under long-term dollar credit sales also generate local currencies which recipient governments apply to economic development.

However, increasing emphasis has been placed on the role of P.L. 480 in helping to improve the U.S. balance-of-payments position. Local currencies derived from the foreign-currency sales program have been used to pay U.S. expenses abroad whenever possible. For instance, from 1955 to 1966, the balance-of-payments benefit derived from foreign currency usage in lieu of dollars has resulted in a total saving of \$1.5 billion.

But many other benefits are also derived from the use of foreign currency.

For instance, a major use made by the United States of these funds is the financing of a four-point agricultural market development program.

#### FOUR-POINT PROGRAM

These points are: cooperative programs with trade and agricultural groups such as Great Plains Wheat; trade fair and trade center activities; marketing research, and utilization research.

These programs, through the cooperation of the government and grain trade in conjunction with the commodity groups, have significantly contributed to the increase in commercial sales of U.S. Wheat.

And over the past 12 years, these rising commercial sales have brought tangible returns to the American farmer.

One of the major objectives of the P.L. 480 programs, and an important measure of the success of foreign policy goals, is the transition of countries from food aid to commercial trade.

In fact, it should probably be stressed that many of our commercial markets of today were concessional markets just a few years ago.

This has happened in Peru, Japan, Italy, and Ecuador. All started out as wheat purchasers under P.L. 480 or some type of aid program and are now dollar markets in whole or in part.

Japan, in particular, has not only become our largest dollar market for wheat, but our greatest dollar market for total agricultural exports.

By 1963, the United States became the largest supplier of wheat to that Asian nation.

Japan, which in 1956-57 received over 30 per cent of its imports of U.S. farm products under P.L. 480, increased her dollar purchases of U.S. wheat to almost 80 million bushels in 1967 alone.

#### ITALY SHIFTS TO CASH

Or consider Italy. During 1955-61, that European nation received substantial quantities of agricultural commodities under P.L. 480 and Mutual Security programs.

Wheat imports for dollars to Italy increased from 1.2 million bushels in 1955 to 7.5 million in fiscal 1967.

Peru increased dollar imports from 720,177 bushels in 1955-56 to 7.6 million last fiscal year.

But market development has not only been successful in converting concessional markets into cash customers, but also has strengthened the outlets for U.S. wheat in long-time dollar markets.

For instance, a total 12.7 million bushels of U.S. wheat was shipped into the The Netherlands in fiscal 1959. This increased to more than 42 million bushels in the last fiscal year.

Venezuela imported 17.2 million bushels in fiscal 1967 compared to 3.4 million bushels in fiscal 1959.

#### NEED STILL GREAT

But the need for P.L. 480 and market development is not past. Our experience with market development and the use of P.L. 480 funds has proven the United States can become a major wheat exporter.

For to create markets and then leave them without any further information about U.S. Wheat would be ill-advised.

Once the market need has been established and the people educated to the proper use of wheat and wheat products, we must continue to service that market to insure the U.S. wheat producer receives a fair portion of the export market. P.L. 480 is needed to accomplish this goal.

Concerning the value of market development, Clifford R. Hope, author of the original P. L. 480 legislation and former president of Great Plains Wheat, said, "No doubt several factors have contributed to this fabulous expansion in agricultural exports. I know of no method of analysis by which it is possible to determine what proportion of these gains may be credited to the market development program or to any other one factor."

"The very fact, however, that this increase began with the initiation of the program and has continued with little interruption during its life, is strong evidence of the contribution it has made."

**Mr. BELCHER.** Mr. Chairman, I yield 5 minutes to the gentleman from Kansas [Mr. DOLE].

(Mr. DOLE asked and was given permission to revise and extend his remarks.)

**Mr. DOLE.** Mr. Chairman, I rise in support of H.R. 16165, extension and amendment of Public Law 480. This program was conceived, in part, by the late, great U.S. Senator from Kansas, Andrew F. Schoepel, and passed the Congress in 1954 when another great Kansas legislator, Clifford R. Hope, was chairman of the House Committee on Agriculture. The program has strong Kansas roots and has been vigorously supported by Kansas Members of Congress through the years. Under this program, approximately \$17 billion worth of U.S. agricultural commodities have been distributed around the world.

The food-for-peace program has built, in many countries, a solid basis for future trade in agricultural commodities.

A primary goal of the program is to

encourage dollar sales of U.S. produced agricultural commodities. When a nation discontinues purchase of commodities under title I, they are encouraged to continue under title IV, which provides for long-term loans. In addition, straight commercial transactions have increased as a direct result of Public Law 480.

First take the case of Japan. Our billion-dollar agricultural cash market in Japan had its beginning in concessional sales. Japan was buying only \$249 million from us commercially in 1956. Public Law 480 programs undoubtedly whetted the appetite of the Japanese for American food products: The Japanese have responded by providing this Nation with over \$1 billion in hard currency annually.

U.S. dollar exports to Spain, which amounted to only \$65 million in 1962, have proliferated to over \$273 million today. Other nations shifting from aid to trade in agricultural products include Israel, Taiwan, Korea, Italy, and the Philippines.

#### EIGHTEEN NATIONS HAVE DOLLAR PROVISIONS

Mr. Chairman, of the 22 nations participating in Public Law 480 programs in 1967, only four had no dollar-payment provision, while six countries moved into payments in dollars or convertible currency.

While this Nation worries with the most severe monetary crisis of recent times, agricultural products—and America's farmers—provide a favorable balance of trade of some \$1.5 billion annually. Much of this vital hard currency can trace its trade origin to Public Law 480 concessional sales. We cannot ignore the vital trade developmental history of food for peace.

#### WHEAT AND WHEAT PRODUCTS FARE WELL UNDER PUBLIC LAW 480

During the fiscal year ending June 30, 1967, exports of wheat under Public Law 480 were significant. Over 200.5 million bushels were sold for foreign currency. Long-term dollar sales of wheat exceeded 37.8 million bushels. Donations for disaster relief, and economic development accounted for over 20 million bushels. Nearly 65 million bushels were exported for barter. Sixteen million hundredweight of wheat flour was also exported under provisions of the food-for-peace program. Grain sorghum accounted for a food-for-peace export of 105.2 million bushels. Unquestionably, the food-for-peace program is a vital cornerstone of the economic welfare of the grain-producing States.

#### MILLIONS REACHED BY PUBLIC LAW 480 COMMODITIES

Mr. Chairman, it is sufficient to say the commodities under Public Law 480 reached and fed—for a time at least—some 102 million persons last year. In 1966 alone, 60 millions were saved from famine in India through the largest food transshipment operation in human history—all under Public Law 480. Under Public Law 480, 116 countries have at one time or another benefited.

Mr. Chairman, self-help has been emphasized in recent years. Certainly, while the United States has a mighty ability to feed millions, she does not have the capacity to feed all the millions in the developing world. This self-help program

under Public Law 480 is a necessary step toward the development of reliance on local resources for major future needs.

An important element of the food-for-peace legislation, designed to help the developing nations' production through increased technical assistance, is section 406—establishing a farmer-to-farmer program. I introduced this legislation in 1966 as an amendment to Public Law 480. It became law when the 1966 amendments to Public Law 480 were adopted by Congress.

This program, when implemented, would provide technical assistance to developing nations, and would be administered by the Secretary of Agriculture in such a way as to use fully the combined experience and competence of the land-grant universities and the USDA. Farmers would be recruited in our country, trained, and sent—under the supervision of USDA—into the areas where their competence and commonsense could best be used to avert famine.

This program, while receiving the support of the House and the Senate, unfortunately has not yet been funded.

It is my belief this provision of the law, if implemented with funds, will further contribute to the eventual success of the self-help effort under Public Law 480.

#### SUPPORT FOR PUBLIC LAW 480

Mr. Chairman, I support Public Law 480 because it builds vital markets for my State and the Nation. I support Public Law 480 because it contributes in the long run to our favorable balance of trade in agriculture. I support Public Law 480 because it abates hunger and malnutrition among millions throughout the world, and is therefore humanitarian and often devoid of gross political overtones.

**Mr. BELCHER.** Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania [Mr. GOODLING].

(Mr. GOODLING asked and was given permission to extend his remarks at this point in the RECORD.)

**Mr. GOODLING.** Mr. Chairman, Public Law 480 is a program that has been working reasonably well.

It is a program that has changed and is changing the lives and fortunes of millions throughout the world—people less fortunate than most of our American people.

As in the past when the bill was under discussion, the committee is again suggesting what it considers improvements.

I have taken a particular interest in pest control. We know that rodents consume too much food in some countries. My questions directed to the Secretary of Agriculture were noted in the press of India. This prompted several letters from an employee of AID saying that I was correct in stating too much food is consumed by rodents.

There are those in India who still subscribe to the belief that souls of departed relatives exist in the bodies of rodents. There is one temple known as the Temple of Rats. Here they are fed rather liberal quantities of food daily. It nat-

urally follows that rats here were bigger and more numerous.

Ironically, last week I received a letter from a friend who is on a 2-year leave of absence from the University of Penn State. He and three colleagues are working in India attempting to help Indians produce more food.

He asked me to send him available information on rodent and bird control. This I have done and he has acknowledged receipt of this information.

I proposed and the committee accepted my amendment which places increased emphasis on rodent, insect, weed, and plant and animal pest control programs in developing nations.

(Mr. BELCHER asked and was given permission to revise and extend his remarks.)

Mr. BELCHER. Mr. Chairman, I want to state at this time that I am wholeheartedly in support of this bill and urge the Members of the House to vote for it.

I yield 5 minutes to the gentleman from Illinois [Mr. FINDLEY].

(Mr. FINDLEY asked and was given permission to revise and extend his remarks.)

Mr. FINDLEY. Mr. Chairman, I thank the distinguished ranking member on the minority side, the gentleman from Oklahoma [Mr. BELCHER], for yielding this time to me. It gives me the opportunity to explain two amendments which are closely related that I shall offer at the proper time.

Throughout the life of Public Law 480, Congress has consistently required that export transactions generated by the act should be carried out by private business to the maximum extent possible. This has been written into the law.

At the same time Congress has expressed a concern that small exporters have a fair opportunity to participate in this business.

In spite of this attitude on the part of Congress, exports under Public Law 480 have consistently been monopolized by a few large firms, and the trend toward monopoly has accelerated.

In an effort to require that smaller companies be given a larger part of this Government-financed business, the 1966 revision and extension of the act added to the section requiring the President to "assure that private trade channels are used to the maximum extent practicable"—section 103(e)—the additional requirement "that small business has adequate and fair opportunity to participate in sales made under the authority of this Act."

In its report on the bill—House Report 1558, 89th Congress, page 39—the Agriculture Committee said:

It has been reported to the Committee on numerous occasions that the regulations under which Public Law 480 sales are made have in many instances made it easier for large exporting companies to bid for and receive these export contracts. . . . The committee believes that small business firms should be given an equitable opportunity to bid on these concessional export shipments. It understands that the economies which may be offered by large shipments must be considered. . . . (but) it is concerned that the small operator should not be frozen out of the export business . . .

It might be remarked that the reference to economies in shipment referred to by the committee has little relevance to the grains covered by the amendment since they are almost never exported in less than boatload quantities, while some other commodities are.

When several months had passed and the Department of Agriculture had done nothing about implementing this provision of the law, the Committee on Agriculture gave the Department a nudge. In its report on the resolution relating to emergency food assistance to India—House Report 67, 90th Congress, page 15—the committee said:

The committee wishes to point out that section 103(e) includes the requirement: ". . . that small business has adequate and fair opportunity to participate in sales made under the authority of this Act."

This language was approved by the House, remained unchanged in the conference between the House and the Senate, and was a part of the bill signed into law by the President.

In spite of this unanimity on the part of Congress, the Department of Agriculture has not yet implemented this provision of the 1966 Act. Export of commodities under Public Law 480, as amended, is still being monopolized by a few big companies, some of them foreign-owned corporations.

In spite of this reminder from the Committee on Agriculture, the Department has still taken no effective steps to put this provision of law into effect.

According to figures compiled by the Department of Agriculture, in 1964 the five largest exporters of grains under title I of Public Law 480 accounted for 65.2 percent of the business. In 1965 the five largest got 67.2 percent of the grain business, in 1966—71.5 percent, and in 1967—70.2 percent.

Thus, in spite of the efforts of Congress, the monopoly of the five largest companies in this Government-financed export operation was greater in 1967 than it was in 1965.

It is also interesting to note that prominent among the largest grain exporters in each of these 4 years are three foreign-owned corporations, Bunge Corp., Louis Dreyfus Corp., and Continental Grain Co.—which I will refer to in connection with my other amendment.

It is my feeling that the Department of Agriculture would like to implement this small business policy far more effectively than it has. But it is a complicated and difficult area in which to make and enforce definitions, regulations, and procedures.

Under a very similar provision of its laws, the Department of Defense has developed and is administering a program to give small business an equitable opportunity to participate in defense procurement. But the regulations to accomplish this are more than 100 pages thick and their administration involves a large number of people both in the Department of Defense and the Small Business Administration.

The job would be even more difficult in connection with the Public Law 480 export program. The Department of Defense has to deal only with procurement by a single agency of our own Government pursuant to specifications and

terms which are determined by employees of that agency.

The Foreign Agricultural Service, on the other hand, if it were to effectuate the small business provisions of its law, would have to develop and enforce regulations which would apply, not to its own employees and procedures, but to the purchasing agencies of foreign governments operating in the United States under the provisions of international agreements between the United States and the foreign government.

Admittedly, this poses a much more difficult problem, so I do not want to be too critical of the Department of Agriculture for not having carried out the intent of Congress more effectively.

At the same time, I think that something can and should be done to help break the big business monopoly on our Public Law 480 trade and I think that my amendment is a small but effective and easily administered step in that direction.

Whenever an amendment such as this is proposed, the cry is always raised that it is impossible of administration. In this instance the answer to that objection is very simple.

Early in each calendar year the Secretary of Agriculture will estimate the total value of grains which will be exported that year under title I of Public Law 480. This will be easy for him to do because the Department works out a quantitative export program for all commodities before the beginning of each calendar year and has a very good idea which countries they are going to. Obviously, the total value does not have to be determined at the very beginning of the year, because no company is going to exceed 15 percent of the total within the first few weeks.

Having made this estimate, the Secretary announces it publicly and, at the same time, calls attention to the limitation established by Congress.

Thereafter it is up to the companies involved to see that their total grain exports under the program do not exceed 15 percent of the total estimated and announced by the Secretary. They know that if they do exceed their share, the additional foreign currencies they take will be for their own account and not for the account of the Commodity Credit Corporation. So when they reach their 15 percent of the business, they will simply stop bidding on the Public Law 480 offers made by foreign government purchasing agencies, and other exporters will get the business. It is as simple as that.

Adoption of my amendment would tend to halt the trend toward monopoly. It would not, however, cause such an abrupt change in commodity merchandising as to make difficult or more costly the programming of Public Law 480 business.

It would arrest the monopoly trend, rather than reverse it. It would be a trial limitation, and when the act is next up for extension Congress can then review whether the limitation has been adequate to give small business the protection it deserves.

Based on 1967 Public Law 480 business, my amendment would affect only two firms and one of them only slightly. Last

year Cargill handled 22 percent of the volume, and Continental 16 percent. Two others, Bunge and Dreyfus had 11 percent each, and Producers had 10 percent—each well under the 15-percent figure.

My amendment would have affected the same two firms, Cargill and Continental, in 1964, 1965, and 1966, as each of them ranged between 19 and 23 percent.

The question may arise, Could other firms adequately meet program requirements if the 15-percent limitation is imposed? The answer is affirmative, and proof is easily furnished.

In 1964, 15 firms, excluding the Big Five—Cargill, Continental, Bunge, Producers, and Dreyfus—handled over \$300 million in title I grain. This was the equivalent of 70 percent of the total handled by all firms in 1967.

In 1965, 15 firms, again excluding the same Big Five, handled over \$200 million. This was 45 percent of the total handled by all firms in 1967.

In 1966, 15 firms, again excluding the same Big Five, handled \$175 million. This was 40 percent of the total handled by all firms in 1967.

These facts illustrate the ability of firms other than the Big Five to handle large volumes of grain. They also show clearly the trend toward monopoly.

These facts also argue persuasively against the charge that the 15-percent limitation would increase program costs. Plenty of merchants capable of handling overseas grain business stand ready, willing, and anxious to compete for Government business.

Mr. BELCHER. Mr. Chairman, I yield such time as he may consume to the gentleman from Texas [Mr. PRICE].

(Mr. PRICE of Texas asked and was given permission to revise and extend his remarks.)

Mr. PRICE of Texas. Mr. Chairman, I rise in support of extension of the Food for Peace Act.

As a member of the Agriculture Committee and a sponsor of the bill extending the act, I commend the Public Law 480 program to my colleagues as one of the most useful and helpful programs we have had both for the United States and the countries we have helped with the program.

There were some changes made in the act which, I believe, are improvements. These include an increased emphasis on self-help within the recipient countries on their efforts to improve their own domestic food production.

Also several changes were made to ease present restrictions on the uses this country may make in the foreign currencies it receives in sales abroad of American farm commodities.

Another provision in the bill changing the existing program gives authority to those handling negotiations for the United States to enter into agreements specifying that up to 50 percent of foreign currencies accumulated by Public Law 480 sales could be sold at the current rate of exchange to U.S. importers for the procurement of materials or commodities from the recipient nation.

Another provision of the measure strips from the existing law certain reference

to barter. It would bar all three-way barter, but leave intact the direct bartering authority for off-shore procurement and for materials, goods, and equipment required in connection with foreign economic and military aid. Backers of this change argue that three-way barter generally depresses farm product prices.

Since 1954, the U.S. balance of payments has benefited by over \$1 ½ billion through this program which I consider the best foreign aid program we have.

Mr. BELCHER. Mr. Chairman, I have no further requests for time on this side. I reserve the remainder of my time.

Mr. POAGE. Mr. Chairman, I yield 5 minutes to the vice chairman of the committee, the gentleman from Arkansas [Mr. GATHINGS].

Mr. GATHINGS. Mr. Chairman, the ability of the developing nations to feed themselves has been on a steady decline in the past few years as populations have been outstripping food production. In India alone the population of 432.7 million in 1960 is expected to grow to 1,233.5 million by the year 2000, which virtually triples India's present population numbers. Birth control, food from the U.S. production capacity under Public Law 480, as well as greatly expanded production in grain in the years ahead, are vitally needed to prevent hunger and suffering of millions of people. In addition, distribution and marketing systems are antiquated which has resulted in great losses in many countries by spoilage of perishable and other food items. The proper application of water and fertilizer and scientific use of lands are other needs in so many areas where there is inadequate food supply. Food production and greatly increased population in areas of Asia, Africa, and various South American countries is a catastrophic problem which urgently needs a solution. The food and agricultural organization has made a survey and has found that there will be 6 billion people to be fed at the turn of the century. The great part of this 6 billion population lives in the areas where food production fails to attain the actual requirements of their peoples. This situation is in reverse from a few decades ago in that these poorer countries not only fed themselves then, but exported large quantities of grain.

Let us take a look at what has been happening along this line. According to the Department of Agriculture, 3.8 million tons of grain each year were exported by these developing nations in the years 1934 through 1938. That situation began to change very fast when it was necessary for these nations to import 2.6 million tons of grain a year for the 4 years 1948 through 1952. In the years 1957-60 these same nations were importing 5 million tons of grain each year. Recent figures show that these same countries are importing more than 19 million tons of grain a year.

The total production on all of the usable agricultural lands over the world could not meet the needs for food of these developing countries within a few years unless a reversal in the present trends is made.

The primitive farm methods employed in many of the areas where there is a

deficit in food production affects most seriously this overall problem. Technical assistance to these nations, as well as know-how in farming techniques, would aid appreciably in solving the food shortages which they suffer. In addition to their lack of modern machinery for use in their operations, there exists also a very poor system of marketing and distribution of food commodities at all levels. Nutritional deficiencies are a major cause of millions of people—infants and adults—being handicapped for life, either mentally or physically. Malnutrition makes for difficulty for a child in mastering his schoolwork. This weakens the ability of the Nation to move forward.

The legislation now being considered to extend and amend Public Law 480 of the 83d Congress is most desirable and meritorious. I hope that the bill will be approved and enacted into law. The original act which was approved in 1954 carried a provision which was known as section 104(a), establishing the market development program which is a cooperative effort on the part of the Government, producers and the industry to achieve the objective of expanding markets for American agricultural products. Commodities of all types grown in all geographical areas of the country have participated in the market development effort. The original Public Law 480 became effective in July 1954. Our total exports of agricultural commodities for the fiscal year which ended on June 30, 1954, amount to \$2,936 million of which \$2,331 million were sales for dollars. For the fiscal year ending June 30, 1967, agricultural exports totaled \$6,800 million, of which \$5,300 million were commercial sales for dollars. This is a sizable increase in exports of agricultural commodities as well as materially aiding our balance-of-payments problem. While Public Law 480 is not responsible for all this progress it has been a paramount consideration in moving America's farm commodities into export channels.

In 1959 the Congress recognized the significance and importance of section 104(a) which is the market development program, but specified that "the equivalent of not less than 5 percent of the total foreign currencies received from the sale" of title I commodities be earmarked and set aside solely for the purposes of market development.

When the extension of Public Law 480 was considered in 1966 representatives from many commodity groups appeared before the House Committee on Agriculture in behalf of the continuation of the act as well as the reenactment of section 104(a), as amended. In the hearings held in February and March of this year on the extension of Public Law 480, former chairman of the Committee on Agriculture, the Honorable Clifford R. Hope, of Kansas, filed a statement on behalf of certain commodity groups who were cooperating with the U.S. Department of Agriculture in market development programs. Mr. Hope's comprehensive statement can be found in the hearings starting on page 198 and concluding on page 203. One of the most significant parts of the statement deals with the U.S. poultry industry. Prior to the establishment of the market development

program in Public Law 480 a very small amount of poultry produce, including eggs, was exported. New markets have been developed for poultry through efforts on the part of the industry itself cooperating with the Foreign Agricultural Service. As a result, sizable markets have been created for U.S. poultry, the large part of which sales have been for dollars. Today almost 100 countries are now buying our poultry and demonstrating full well their ability to compete in foreign markets.

The Rice Council for Market Development, a voluntary organization, is supported by 18,000 rice producers and 38 rice millers in Arkansas, California, Louisiana, Mississippi, and Texas. The council is at this time carrying out a market development program for rice in Denmark, South Africa, Sweden, Finland, the Netherlands, West Germany, Belgium, the United Kingdom, and France. The industry had signed a contract with the U.S. Department of Agriculture which authorized the use of funds developed under section 104(a) of Public Law 480. This joint industry-Government program of market development is benefiting the United States by the creation of dollar returns through the increased sales of rice.

While I have touched upon only one or two phases of this legislation there are many others which are just as beneficial. I trust that the bill will be passed and this law reenacted with the changes recommended by the committee.

Mr. POAGE. Mr. Chairman, I yield 3 minutes to the gentleman from Washington [Mr. FOLEY].

(Mr. FOLEY asked and was given permission to revise and extend his remarks.)

Mr. FOLEY. Mr. Chairman, I rise in support of this legislation and I wish to affirm most strongly the statements which have been made in support of this bill by the distinguished chairman of the Committee on Agriculture, the gentleman from Texas [Mr. Poage], and the vice chairman of the Committee on Agriculture, the gentleman from Arkansas [Mr. Gathings].

I take this time, Mr. Chairman, not only to restate my enthusiastic support of this bill which is clearly on record, but also to pose certain questions relating to the use of counterpart funds to the distinguished chairman of the Committee on Agriculture.

Mr. Chairman, is my understanding correct that there is nothing in H.R. 16165 as reported by our committee which precludes the use of foreign currencies for a number of important educational and cultural exchange activities under programs now authorized by the Congress?

Mr. POAGE. That is correct.

Mr. FOLEY. Such programs might be those authorized by the National Science Foundation Act of 1950, the Cooperative Research Act of 1954, the National Defense Education Act, the Mutual Educational and Cultural Exchange Act of 1961, the International Education Act of 1966, the Higher Education Act of 1965, the Elementary and Secondary Education Act of 1965, the National Foundation on the Arts and Humanities

Act of 1965, and the Public Broadcasting Act of 1967; is that correct?

Mr. POAGE. While I am not familiar with the details of all those acts, it is my opinion that is exactly correct. However, we must bear in mind the fact that the Committee on Appropriations would probably have to pass upon any such use of these funds.

Mr. FOLEY. That is, as they do under the present law?

Mr. POAGE. Yes; as they do under the present law.

Mr. FOLEY. Mr. Chairman, I thank the distinguished chairman of the Agriculture Committee. I hope that the House will pass this most important legislation by an overwhelming vote. Public Law 480 has been a magnificent example of the concern of the American people that their abundance of food shall not go unused in a world where starvation is the daily fear of millions out of our concern as a nation for these countless victims of hunger abroad we have fashioned a law which has improved foreign trade; improved and strengthened our cultural and educational relations with many nations; and improved the balance of our own economy and our balance of payments. I hope this law can continue to serve these great interests.

Mr. Chairman, I yield back the balance of my time.

Mr. RHODES of Arizona. Mr. Chairman, the Republican policy committee supports the extension of Public Law 480. This statute which is the cornerstone of the food-for-peace program, was enacted into law under the leadership of President Eisenhower and by a Republican Congress in 1954. It has meant the difference between life and death for millions of people in a world where much of the population is engaged in a desperate race between food production and population growth.

The provisions of H.R. 16165 would—

First, extend titles I and II of the act for 1 year, through December 31, 1969;

Second, clarify the President's authority to accept foreign currencies for certain uses authorized by the act;

Third, establish the policy that the United States should get a "fair share" of any growth in commercial agricultural markets in developing nations;

Fourth, permit special convertibility of foreign currency at mutually agreed to rates for the purpose of paying U.S. and foreign public works contractors;

Fifth, permit the payment of U.S. importers in foreign currency;

Sixth, place increased emphasis on rodent, insect, weed, and plant and animal pest control programs in developing nations;

Seventh, repeal stockpile barter; and

Eighth, reduce the size of the Joint Congressional-Executive Advisory Committee and establish a regular meeting procedure.

Public Law 480 was established to provide aid to the hungry people of the world, to assist in the orderly disposition of the excess productivity of American agriculture, and to expand meaningful trade between the United States and friendly nations throughout the world. Today, there are no longer surpluses in many agricultural commodities. As a re-

sult, this law has become in great part another aspect of foreign aid and must be considered as such in figuring the total cost of this program.

This law still provides a good vehicle through which this country can assist those in need. However, we must make certain that this aid is not given to those who should be growing their own agricultural products or purchasing ours with dollars. Moreover, every effort should be made to insure that the foreign exchange available in underdeveloped and newly emerging nations is used for the purchase of food and fiber rather than the purchase of expensive arms and sophisticated weapons that escalate tensions and are unnecessary for internal security purposes.

In 1966 Congress adopted amendments under which friendly developing nations receiving assistance were encouraged to engage in greater agricultural self-help. The program was converted in great part from local currency sales to dollar credit and commercial sales. Voluntary family planning services were emphasized. And, as a result of Republican efforts which overcame the opposition of the Johnson-Humphrey administration, concessional sales to nations carrying on commerce with North Vietnam and Cuba were prohibited.

Properly oriented and directed, Public Law 480 can be a useful instrument for developing overseas markets. The annual billion dollar cash market in Japan had its origin in concessional sales. The cash markets in Israel, Taiwan, Korea, Italy, Spain, the Philippines and other countries are expanding.

Much more can be accomplished. The half-billion-dollar loss in agricultural sales that we suffered last year must be restored. As quickly as possible, commercial markets must be developed to replace the gift or concessional sales.

The present fiscal crisis makes it absolutely imperative that this program as well as all other programs produce the greatest benefit at the least possible cost. In sharp contrast to our position of just a few years ago, we are now the Nation with the serious budget deficit and the balance-of-payments problem. The tragic drift toward fiscal disaster is evidenced by our March trade deficit.

This country cannot engage indefinitely in massive and tremendously expensive foreign aid programs. The helping hand must be replaced by self-help. Food-deficient countries must be encouraged to develop their own resources so that they can carry a larger share of the responsibility for feeding their people.

Mr. SHRIVER. Mr. Chairman, I support H.R. 16165 which extends for 1 year and amends Public Law 480. On March 5, 1968, I joined with other members of the Kansas congressional delegation in the House in sponsoring a bill, H.R. 15756, which also provided for the extension of this humanitarian program.

I commend the Committee on Agriculture for the unanimity which it has demonstrated in reporting this bill. At a time when our Government must be concerned with the serious balance-of-payments problem, the committee has given

necessary consideration to this problem and in section 103(p) and section 103(q) of the act are aimed at improving the U.S. balance-of-payments position.

We are proud of the fact that the food-for-peace program, or war on hunger as it is now called, was originally conceived by two Kansans, the late Senator Andrew Schoeppl and former Congressman Clifford Hope.

This program has helped millions of the undernourished people throughout the world since its inception. Farm products worth nearly \$11 billion have been exported and sold for local currency. Another \$748 million worth has been exported under dollar credit. Donations have totaled over \$3 billion, barter approximately \$2.6 billion, and AID and mutual security programs account for an additional \$2.2 billion.

Mr. Chairman, during 1967 commercial exports of agricultural commodities dropped \$468 million below 1966. Greater emphasis must be placed on the development of commercial agricultural exports in the private sector.

Significantly, under this bill, up to 5 percent of the foreign currencies generated by title I sales may be used to maintain or expand present agricultural export markets or to develop new markets.

As we consider the extension of this important program, continuing attention should be given to the development of self-help programs in the underdeveloped countries. The pressing population growth in these countries demands that truly effective agricultural self-help and family planning activities be implemented.

Finally, as the House considers legislation to fight the world war on hunger, we should also remember that the American farmer represents the key to winning this war. He, too, is fighting a war—a war of economic survival. Last year alone he took a cut in realized net income of nearly \$2 billion. The farmer must receive fair and adequate compensation for his vital contribution to this program.

Mr. GROSS. Mr. Chairman, I am astounded to learn from the questions asked by the gentleman from Indiana [Mr. ADAIR] that there is \$3.7 billion in the Public Law 480 pipeline, and that the annual spending rate is \$1.6 billion or less.

This simply means that there is no need for the authorization of new money for the purpose operating this program. Yet this bill is open ended—in other words there is no limit provided in this legislation as to the amount that may be authorized.

Moreover, in the past, Public Law 480 has been used to dispose of surplus U.S. agricultural products. Those surpluses have all but evaporated and purchases must now be made from stocks available to the market. There can no longer be the pretense of surplus disposal. This is an outright, naked foreign aid program and ought to be labeled as such. This is in addition to the \$3 billion the administration is requesting for the foreign aid program now pending before the House Foreign Affairs Committee.

This Nation is confronted with a financial crisis. It cannot afford, as it has

in the past, to raid the taxpayers for hundreds of millions of dollars each year to purchase agricultural and other products and then give those products to foreign governments or sell them for their local currencies which we cannot take out of the benefited countries and therefore are of little or no use to us.

Fiscal sanity demanded that the Public Law 480 program be drastically curtailed. This is not the case and I am left with no alternative but to vote against the bill.

Mr. POAGE. Mr. Chairman, I have no further requests for time.

Mr. BELCHER. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. There being no further requests for time, the Clerk will read.

The Clerk read as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 103(b) of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by striking out the proviso at the end thereof and substituting the following: “Provided, That, except where he determines that it would be inconsistent with the objectives of the Act, the President shall determine the amount of foreign currencies needed for the uses specified in subsections (a), (b), (c), (e), and (h) of section 104, and the agreements for such credit sales shall provide for payment of such amounts in dollars or in foreign currencies upon delivery of the agricultural commodities. Such payment may be considered as an advance payment of the earliest installments.”*

Sec. 2. Such Act is further amended by deleting the period at the end of subsection (n) of section 103 and inserting in lieu thereof a semicolon and adding new subsections (o), (p), and (q) to section 103 as follows:

“(o) Take steps to assure that the United States obtains a fair share of any increase in commercial purchases of agricultural commodities by the purchasing country;

“(p) Assure convertibility at such uniformly applied exchange rates as shall be agreed upon of up to 50 per centum of the foreign currencies received pursuant to each agreement by sale to United States or purchasing country contractors for payment of wages earned in the development and consummation of works of public improvement in the purchasing country; and

“(q) Assure convertibility of up to 50 per centum of the foreign currencies received pursuant to each agreement by sale to United States importers for the procurement of materials or commodities in the purchasing country.”

Sec. 3. Section 104 is amended by deleting the word “and” at the end of subsection (i) and deleting the colon after subsection (j) and inserting in lieu thereof “; and”, and adding the following new subparagraph (k):

“(k) for paying, to the maximum extent practicable, the costs of carrying out programs for the control of rodents, insects, weeds, and other animal or plant pests.”

Sec. 4. Section 303 of the Act is amended by striking out the entire section and substituting the following:

“Sec. 303. The Secretary shall, whenever he determines that such action is in the best interest of the United States, and to the maximum extent practicable, sell or exchange agricultural commodities owned by the Commodity Credit Corporation for services, materials, goods, or equipment required in connection with foreign economic and military aid and assistance programs or required in substantial quantities for United States Government offshore programs. He is hereby directed to use every practicable

means, in cooperation with other Government agencies, to arrange and make, through private channels, such sales or exchanges or to utilize the authority conferred on him by section 4(h) of the Commodity Credit Corporation Charter Act, as amended, to make such sales or exchanges. In carrying out sales or exchanges authorized by this section, no restrictions shall be placed on the countries of the free world into which surplus agricultural commodities may be sold, except to the extent that the Secretary shall find necessary in order to take reasonable precautions to safeguard usual marketings of the United States and to assure that sales or exchanges under this Act will not unduly disrupt world prices of agricultural commodities or replace cash sales for dollars. The Secretary shall endeavor to cooperate with other exporting countries in preserving normal patterns of commercial trade with respect to commodities covered by formal multilateral international marketing agreements to which the United States is a party. Agencies of the United States Government procuring such services, materials, goods, or equipment are hereby directed to cooperate with the Secretary in the disposal of agricultural commodities by means of sales or exchange. The Secretary is also directed to assist, through such means as are available to him, farmers' cooperatives in effecting exchange of agricultural commodities in their possession for the above purposes.”

Sec. 5. Section 407 of the Act is amended by striking out the entire section and substituting the following:

“Sec. 407. There is hereby established an Advisory Committee composed of the Secretary of State, the Secretary of the Treasury, the Secretary of Agriculture, the Director of the Bureau of the Budget, the Administrator of the Agency for International Development, the chairman and the ranking minority member of both the House Committee on Agriculture and the House Committee on Foreign Affairs, and the chairman and the ranking minority member of both the Senate Committee on Agriculture and Forestry and the Senate Committee on Foreign Relations. The Advisory Committee shall survey the general policies relating to the administration of the Act, including the manner of implementing the self-help provisions, the uses to be made of foreign currencies which accrue in connection with sales for foreign currencies under title I, the amount of currencies to be reserved in sales agreements for loans to private industry under section 104(e), rates of exchange, interest rates, and the terms under which dollar credit sales are made, and shall advise the President with respect thereto. The Advisory Committee shall meet not less than once during each calendar quarter at the call of the Acting Chairman of such Committee who shall preside during each quarter in the following order: The chairman of the House Committee on Agriculture, the chairman of the Senate Committee on Foreign Relations, the chairman of the Senate Committee on Agriculture and Forestry, and the chairman of the House Committee on Foreign Affairs.”

Sec. 6. Section 409 is amended by striking out “December 31, 1968” and substituting “December 31, 1969.”

Mr. POAGE (during the reading). Mr. Chairman, I ask unanimous consent that the bill be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

AMENDMENT OFFERED BY MR. FINDLEY

Mr. FINDLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FINDLEY: At the end of the bill add a new section 7 reading:

"SEC. 7. Section 102 of the Act is amended by striking out the period at the end thereof and adding a colon and the following: 'Provided, however, That the Commodity Credit Corporation shall not finance the sale and export of agricultural commodities under this Act for any exporter which in the 6 months immediately preceding the application for such financing has engaged in any sales, trade, or commerce with North Vietnam, or with any resident thereof, or which owns or controls or is affiliated with any company which in such period has engaged in any such sales, trade, or commerce, or which is owned or controlled by any company or person which in such period has engaged in any such sales, trade, or commerce either directly or through any branch, subsidiary, affiliate, or associated company: Provided further, That such application for financing must be accompanied by a statement in which are listed by name, address and chief executive officers all branches, affiliates, subsidiaries and associated companies, foreign and domestic, in which the applicant has a controlling interest.'

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Texas.

Mr. POAGE. Mr. Chairman, I can only speak for myself, but as far I as am concerned I am perfectly willing to accept that amendment.

Mr. BELCHER. Mr. Chairman, I have had the opportunity to examine this amendment, and as far as I am concerned we will accept the amendment.

Mr. FINDLEY. Mr. Chairman, I thank the gentleman.

(Mr. FINDLEY asked and was given permission to revise and extend his remarks.)

Mr. FINDLEY. Mr. Chairman, section 103(d) of Public Law 480 prohibits the making of sales agreements with any countries which are not friendly to the United States and then goes on to spell out in some detail, related to specific Public Law 480 programs, which countries are to be considered not friendly.

I must confess to some familiarity with these provisions and with the commerce they are intended to prohibit because I have had to take the responsibility of authoring several of them.

In general, these limitations prohibit Public Law 480 sales agreements with Communist countries, with governments dominated or controlled by Communist countries, and with countries which are presently considered to be enemies of the United States. Perhaps the severest sort of strictures are those which prohibit a Public Law 480 sales agreement with any country which "sells or furnishes or permits ships or aircraft under its registry to transport to or from" countries deemed to be inimical to the United States "any equipment, materials, or commodities."

The principal target of this provision is North Vietnam.

While we have been careful to deny countries engaged in trade with inimical foreign nations access to the benefits of Public Law 480, it seems probable that we have been permitting private grain companies engaged in trade with North Vietnam to benefit from a large part of

our export business under Public Law 480.

Three of the largest grain exporters under the Public Law 480 program are foreign owned—or are reputed to be. The three are Continental Grain Co., Louis Dreyfus Corp., and Bunge Corp. These giant corporations have branches or affiliates in many countries, doing business in grains in all parts of the world. In addition, the foreign owners of these corporations have other subsidiaries and affiliates on a worldwide scale which carry on commerce all over the globe.

It appears to me to be highly probable that some of the affiliates of these companies, or some of the subsidiaries or branches of the foreign corporations which own these companies, are carrying on business as usual today with North Vietnam or with persons or firms in that country.

And we are helping to finance their worldwide operations by permitting them to do a very large share of the guaranteed-profit, Government-subsidized business under Public Law 480.

From the beginning of the Public Law 480 program through December 31, 1967, the largest single exporter of grains under the program has been Continental Grain Co., with total grain exports, financed by the Commodity Credit Corporation, of more than \$1.612 billion.

The third largest is Louis Dreyfus Corp. with exports of more than \$678 million and the fourth largest is Bunge Corp. with exports of almost \$625 million.

Together, these three foreign-owned corporate giants have accounted for \$2.915 billion of the \$6.469 billion of grain exports under Public Law 480—slightly more than 45 percent.

There is a fourth international corporate giant in the grain export business which should not go unnoticed, even though its chief ownership is reported to be in the United States. That firm is Cargill, Inc.

In Public Law 480 grain exports it is second only to Continental, having been financed by CCC for \$1.552 billion of this business up to December 31, 1967. Cargill has branches and offices throughout the world and, in addition, is reported to be organized in Geneva, Switzerland, as Tradax International and under this name does business in many countries in other than U.S. grains.

Together, these four giant corporations with many foreign ramifications have completely dominated the Public Law 480 grain business—accounting for almost 70 percent of the exports since the start of the program.

It is interesting that I have found it impossible to obtain from Government sources any real information as to the international ownership and ramifications of these companies. As far as I am able to ascertain, those in our Government who are dealing with these companies have no idea what foreign companies these corporations may own or control, where their real ownership is, or what foreign business operations the owners may be carrying on. Their foreign affiliates may be doing business to-

day with North Vietnam; our Government officials simply do not know.

Department of Agriculture regulations require that any corporation doing business under Public Law 480 must have a domicile in the United States and officials subject to process. I am assured that all of the corporations I have mentioned are incorporated in the United States and comply in this respect with Department regulations. But this appears to be all the knowledge that Department of Agriculture officials have on these companies—or have sought to obtain.

I have also talked with officials in the Department of Commerce, the Department of Justice, and other agencies and I have not found one who will admit to knowing the international ownership and connections of these corporations.

Here is what I have been able to find out elsewhere about their pedigrees:

The domestic Bunge Corp. is owned, at least in part, by Los Andes, S.A., based in Curacao. The ostensible reason for this is that this provides a "tax haven" because of the tax treaty between the United States and Netherlands. Los Andes, S.A. in turn is wholly or partially owned by Bunge & Born of Buenos Aires, Argentina. This is a private corporation owned by the two families whose names it bears and is said to be worth between \$8 and \$12 billion. In addition to operations of many kinds in numerous countries, the corporation has a bank in London and one in Zurich, which is said to be the center of its financial operations.

Continental Grain Co. is said to be French-owned, by the Compagnie Continentale de Paris.

The Louis Dreyfus Corp. is also said to be French-owned, or Belgian—opinions differ.

I am not contending that any of these domestically domiciled corporations are engaged directly with trade with our enemies. It would be most foolish for them to do so and they are not foolish. In fact, I am assured by persons who are in the grain trade that the domestic branches of these worldwide organizations have been very careful not to participate in the Canadian grain trade with China—although they do a substantial amount of Canadian business.

What does seem very probable to me is that some of the foreign owners who are reaping the profits from the Public Law 480 operations of their U.S. corporations have been and are now engaged in commerce through some of their foreign subsidiaries with North Vietnam.

If this is the case, it is utterly inconsistent, to say the least, for us to prohibit Public Law 480 sales agreements with countries doing business with North Vietnam, and, at the same time permit grain companies which are engaged in the same sort of commerce to reap huge profits from the operation of this program. My amendment would simply correct this inconsistency, if it exists.

If the parent or affiliate companies of Continental, Bunge, Dreyfus, and Cargill are not carrying on trade with the enemy, then the amendment will not hurt them. If they are, it should be stopped.

It seems to me that the amendment would be relatively easy to administer by simply requiring each Public Law 480 exporter to certify each time his company applied to CCC for redemption of foreign currencies that it was in compliance with this provision of the law. Such certifications are a usual and customary part of Government procedures and regulations.

I cite, for example, the notice of such a certification which was issued by the Department of Agriculture on March 26, 1968. It requires bidders for sale to the Government of soybean salad oil to certify that they do not maintain any segregated facilities for employees. It provides that by submitting a bid the offeror will be deemed "to have signed and agreed to the provisions" of the certificate. The notice reminds the bidders that the making of false statements in offers are felonies under the provisions of 18 U.S.C. 1001 or 15 U.S.C. 714m(a) subjecting the maker to a fine of up to \$10,000 or imprisonment of not more than 5 years, or both.

If I were called upon to administer the provisions of my amendment, I would provide that a certification expressing the terms of the amendment would be a part of every application for redemption by CCC of the foreign currencies acquired in a sale under Public Law 480, or for effectuation of a dollar credit agreement.

I would then assign a competent team of investigators to check on the operations and the ownership of the companies involved and, in my opinion, this would take care of the situation.

My amendment also requires disclosure at the time of application of the name, address, and chief executive officer of each branch, subsidiary, affiliate, and associated company, foreign and domestic, in which the applicant has a controlling interest.

**Mr. SCHEUER.** Mr. Chairman, the problem involved in this amendment is whether, on the one hand it accomplishes anything in helping to win the war in Vietnam or, on the other hand, it does serious harm to the United States in our efforts to assist the countries of Eastern Europe to become more independent of the Soviet Union.

Such countries as Poland and Yugoslavia receive commodities under Public Law 480. In recent weeks and months their people are putting continuous pressure on their governments to break away from the U.S.S.R. These encouraging "happenings" have been widely reported and heralded, in our press. Our Public Law 480 program makes it possible for those countries to avoid complete dependence on the U.S.S.R., to seek new roles of national independence and to create and maintain new and promising contacts with the United States.

I doubt if the assistance that North Vietnam gets from these countries means very much in terms of increasing the capability of the Vietcong forces. We have found no compelling evidence to that effect. The determining factor is the military equipment supplied by the Soviet Union and Red China.

Considering the realities of world communism, none of the Iron Curtain countries are going to be able to embargo their

trade with North Vietnam in order to obtain commodities under Public Law 480.

It would hurt our efforts to encourage these countries who are buying agricultural commodities from us to develop closer ties with us and to assert their growing zest for more independence, for more and national political expression at home and free diplomatic flexibility abroad.

This amendment would be a meaningless gesture in terms of winning the war in Vietnam.

It would be the wrong gesture and contrary to our national interest in limiting our discretion, our flexibility and our options, in our efforts to tear down the Iron Curtain.

**Mr. BINGHAM.** Mr. Chairman, the effect of this amendment, which has to do with the exporting firms handling Public Law 480 transactions and not with recipient countries, is not at all clear. To the extent that it refers to American exporter firms, it is superfluous, since such firms are already prohibited from trading with North Vietnam. To what extent foreign firms are involved in these export transactions has not been made clear, but it does appear that a foreign exporter would be free to trade with North Vietnam after handling a Public Law 480 transaction. The amendment is also poorly worded in that it would continue to apply even if the current Paris negotiations are successful and a satisfactory peaceful settlement is made with North Vietnam.

In my view, the amendment is of little substantive significance and was offered for political reasons. This view is supported by the fact that a separate roll-call vote was demanded on the amendment, even though it was originally accepted by a voice vote, after having been accepted by the chairman of the Committee on Agriculture.

The easy thing to do with respect to any amendment of this type is to vote for it. But I decline to do so without a clearer understanding of what the amendment would accomplish or of why it is needed.

**The CHAIRMAN.** The question is on the amendment offered by the gentleman from Illinois [Mr. FINDLEY].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. FINDLEY

**Mr. FINDLEY.** Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FINDLEY: On page 2, following line 3, insert a new section 2 reading as follows and renumber subsequent sections to conform:

"Sec. 2. Subsection 103(e) of said Act is amended by striking out the semicolon at the end thereof and adding a dash and the following: 'for the purpose of assisting small business to have such opportunity, beginning with the calendar year 1968, the Commodity Credit Corporation shall not finance for export in any calendar year under the authority of title I of this Act for any exporter (including all branches, affiliates, subsidiaries, and associated companies in which the exporter has a controlling interest) more than 15 per centum by value, as estimated by the Secretary, of the grains (for this purpose: barley, corn and cornmeal, grain sorghums, oats, rye, soybeans, and wheat and wheat flour) financed for export under the

authority of title I of this Act during the then current calendar year;'"

**Mr. FINDLEY.** Mr. Chairman, this is the amendment to which I referred during general debate. Its purpose is to carry out the intent of the Committee on Agriculture, and the Congress, as expressed repeatedly in recent years—that intent being to protect the interests of small businesses in participating in the trading of grains during the year under Public Law 480.

Mr. Chairman, this amendment is limited in several ways: First of all, it is limited to title I transactions. This means long-term dollar credits and soft currency transactions.

Second, it is limited to grains because this is the area in which the monopoly trade has been so evident, and which I feel in the long run carries with it some danger to the interests of consumers, taxpayers, and farmers.

The amendment as drafted would impose a 15-percent value limitation of the piece of the Government pie, so to speak, which any single firm can have.

Now a 15-percent piece of the Government pie is still a lot of business.

Cargill, Inc., is the only firm which this past year was substantially over the 15-percent limitation.

Continental is a firm which this past year had 16 percent of the total volume of grain under title I, only 1 percent above the ceiling I propose.

Had my amendment been in effect this past year it would have meant that Cargill would not have participated as broadly as it actually did under title I, Public Law 480 provision. It would mean that Continental would have been dropped off by 1 percent of the market, but it would not have meant there would be any lack of competition for bidding.

I pointed out in my earlier statement when one takes the year 1965 and excludes from the total figure the amount of grain handled by the big five in the grain business under title I, Public Law 480, had the 15 biggest exporters, that is excluding the big five these 15 handled a volume of grain in that year equal to 70 percent of title I, Public Law 480, business during the past year. That clearly demonstrates the ability of the small grain trader—and I say relatively small because even the smaller ones are big outfits, to handle a much bigger volume of Public Law 480 business than they did the last year or so.

If I may make one additional point, even though the circle of competition is small and getting smaller, the competition is real nevertheless. The contracts will turn on a fraction of a cent per bushel at times.

Therefore, I think we can have confidence that there will still be a large area of competition and my amendment in the legislation in the long run will serve to strengthen the competition in the market place because it will tend to arrest the trend toward giantness in grain merchandising.

**Mr. HALEY.** Mr. Chairman, will the gentleman yield?

**Mr. FINDLEY.** I yield to the gentleman.

Mr. HALEY. I am in sympathy with what the gentleman is trying to accomplish here, but I do not see how it is going to be practical to determine what is 15 percent, for instance?

Mr. FINDLEY. I will explain to the gentleman how that is done, because it is an important point.

The Department of Defense protection of small business has been a cumbersome and costly procedure.

Under my amendment, however, the Secretary of Agriculture would make an estimate of the total amount of grain at the beginning of the year—he does this just before the beginning of the year as a matter of practice—and the 15-percent limitation would be based upon the estimate—not upon the actual amount ultimately shipped—but upon the estimate.

So anyone operating within the estimate given by the Secretary would be free of any problem under this amendment.

I have been assured by attorneys who work closely with the Department of Agriculture and here on the Hill on agricultural matters that this is an administratively simple and effective means of imposing the limitation on size.

Mr. MACGREGOR. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman.

Mr. MACGREGOR. Under your amendment the five could be extended to the big seven, and they could each dominate the trade exclusively by each having a little over 14 percent; could they not?

Mr. FINDLEY. I will say to the gentleman, it is conceivable that my limitation is not at the right level. But I think it is a good starting point. If after a year it happens that we find it ought to be down to 10 percent, I will certainly support that move if that is what the gentleman has in mind. I assure him that I will stand by his side in supporting such a move.

Mr. MACGREGOR. In other words, it could become the big seven this year and the big 10 next year?

Mr. FINDLEY. I do not think that is a fair conclusion.

The CHAIRMAN. The time of the gentleman has expired.

Mr. JONES of Missouri. Mr. Chairman, I ask unanimous consent that the gentleman from Illinois [Mr. FINDLEY] may proceed for 1 additional minute so that I may ask him a question.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. JONES of Missouri. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman.

Mr. JONES of Missouri. What is the real purpose of this? Does it save anybody any money? Is it going to make any grain any cheaper? What is the purpose—just to keep people from getting big?

Mr. FINDLEY. It will I think be a small, but effective and important step toward protecting competition in grain merchandising both at the national and international level.

As to the cost, I am glad the gentleman brought that up. It could well be,

as the Committee on Agriculture decided several years ago legislatively, that this might add a little bit of cost to the program. At the time the committee said, in effect, that any increase in cost would be in the full interest. I question whether any increase would be very much. But even if there should be a slight additional cost, I would predict that this would be more than offset by the income taxes paid into the U.S. Treasury. The big operators through foreign affiliates are often able to use tax havens abroad and thus less taxes here in the United States.

Mr. JONES of Missouri. Let me ask the gentleman this question. Would this be conceivably a limitation on any automobile producer in the United States not to get more than 25 percent of that business?

Mr. FINDLEY. Not at all. It would parallel in a sense to a limitation on Government car purchases. That would perhaps be a parallel situation, but I am not suggesting that.

Mr. JONES of Missouri. You would force us into buying foreign cars, then.

Mr. FINDLEY. I think the gentleman would agree with me that we already have the "big four" in the U.S. automobile business, and there is not much we can do to break that up into smaller businesses. We are at a point in the grain merchandising field where, with some farsighted action, which I believe is implicit in the amendment, we can prevent the development of an all-inclusive "big four" in the grain merchandising field.

Mr. RUMSFELD. Mr. Chairman, I move to strike the requisite number of words.

The CHAIRMAN. The gentleman from Illinois is recognized for 5 minutes.

Mr. RUMSFELD. Mr. Chairman, I do not intend to take the full 5 minutes, but I do have a question or two that I would like to pose to the gentleman from Illinois if he would be good enough to respond. In listening to the gentleman's amendment—and I know that he is a distinguished Member of the House, represents an agricultural district and served on the Committee on Agriculture—for the life of me, from the way it has been described, I cannot help but feel that the net effect of the amendment would be to raise the cost to both the taxpayers and the consumer. When a statute is written to limit competition by providing that a low bidder is not going to share in a market to the extent that his low bid would normally permit, an obvious conclusion is that a higher rate of some other company that would be participating eventually would be passed on to the consumer and in this case also to the taxpayer.

I represent a district that has very few farms. We do have a great many taxpayers and consumers, and I am a bit concerned about the gentleman's amendment.

Mr. FINDLEY. I am sorry I did not present it clearly. I did try to acknowledge in my response that it is conceivable the amendment might cause a slight increase in the cost of the program, in the cost to the taxpayer. No one can really predict that or say it with accu-

racy. It could mean that Cargill, Inc., once it reaches a point of 15 percent, would cease to compete. But let me assure the gentleman that there are many grain firms eager for this business that would be in the field actively competing.

However, it is fair to say that there could possibly be a slight increase in the cost of the program, and I think it is our responsibility as the Congress to look to the long haul to try to see what the future may be. I do not think it is unreasonable for us to put a 15-percent limit on the size of the Government grain business pie in order to preserve and encourage, at least to that degree, the competitive field in merchandising. I am sure the gentleman has noticed in the press in the past few years, almost every day in the trade journals, news of Continental, Dreyfus, Cargill, and Bunge doing this and doing that. New elevators combine with other elevators, and all kinds of arrangements are entered into which tend to strengthen the position of the "big four" in the grain business.

I am not an enemy of the "big four." I think they do an efficient job. But I hope to be regarded as a champion of competition, and I would hate to see the day come when we have just the "big four" in grain merchandising. The way things are going that could easily happen.

With the foreign involvement of these firms we never know where the taxes are being paid and what the operations of the firms are overseas.

Mr. RUMSFELD. Would the gentleman indicate as to whether he has an estimate of what the increased cost of the program to the taxpayers might be? And, also whether he has an estimate as to the extent to which increased costs might also be passed on to the consumer.

Mr. FINDLEY. As I said earlier, these contracts generally turn on a fraction-of-a-cent a bushel. So if there could be an increase, no one could really say with assurance whether there would be an increase, but assuming there would be, it would be a fairly nominal sum. When we regard the fact of the foreign ownership of three of these firms, and with Cargill operating through Tradax in Switzerland all of them may well have an opportunity to find tax havens.

Probably the smaller ones do not have quite that ready an opportunity. I think we have to take into account the possibility there would be more income taxes paid into the U.S. Treasury because of my amendment than would be true otherwise.

This is sheer speculation. No one can prove the point, of course.

Mr. RUMSFELD. Mr. Chairman, I thank the gentleman for his comments.

Mr. POAGE. Mr. Chairman, I rise in opposition to the amendment.

I will not bring any documents with me, because I think this is just a matter of commonsense and one that we must just sort of reason about. It is one on which neither I nor the gentleman from Illinois can be too dogmatic, because I think neither of us knows exactly what the result of this amendment would be.

I think we all have an inherent desire to try to maintain the situation as

we knew it when we were much younger, and we would all like to see all of the business in this country spread around as far as it can be done. Actually, we would all like to see our farms much smaller than they are today, and we would like to see a great many more people on those farms.

But modern business does not work that way. We have to recognize the actual existence of business institutions as they are and what they do. It has been pretty much an axiom that to get the efficiency that has enabled us to provide the cheapest food and fiber in the world, we have had to use the most modern and efficient means of getting it, including the most modern business operations.

I do not know who owns Cargill & Co. I do not know anything about their corporate setup. Neither do I know a single officer or stockholder of Continental Grain Co., nor of Bunge, the big grain operators.

I know a little bit more about General Motors and Ford and Chrysler. Yet I know nobody is going to be so brash as to come in here and suggest that no one of the great automobile companies should do more than 10 or 15 percent of all the business with the United States of America, because we know that would double or triple the cost of automobiles. We know we have to do business with those who are set up to do it and who can do it efficiently.

It is my understanding these very large grain companies—and there are four or five or six or seven—own most of the elevators and have the facilities to move the grain. If some of the other companies get the contracts, as they sometimes do, they have to pay for the use of the facilities of the larger companies, particularly in exporting to some of the foreign countries where facilities are extremely limited. I do not think it would make the slightest difference to the large companies whether they get the bid and take all the chance and possibility of loss, or whether they let some small company absorb the possibility of loss and the large company simply charges the small company a fee for using the facilities of the large company.

I do not think the proposal of the gentleman is going to cut down the income of the large grain corporations. As a matter of fact, if it were to do that, we would be hearing from the large grain corporations—which we have not been. I think that is the best evidence they are not being hurt by anything of this kind.

On the contrary, I think somebody is going to be hurt. At the present time we submit these invitations to bid and we move the grain through the cheapest channel we can find. If we take several of the most efficient channels out, I think it is evident the cost is bound to be higher.

Either we in the United States are going to pay that, or the country which is getting our beneficence is going to pay it. We do not want either one of these events to occur.

If we believe in really competitive business, then we believe in letting the contract to the man who supplies for the cheapest amount of money. If we believe in competition, we have to recognize it

goes all the way. We cannot have competition just until it gets down to our friends, and then not make them compete. It has to go all the way.

I think what the gentleman is proposing—and I certainly recognize he does it in the best faith and for every good reason—instead of helping the people of the United States would be most injurious to the American people and would be most injurious to the taxpayer, and, of course, it would be most injurious to the poor people in India and Brazil and the other places which are now receiving our grain on the cheapest possible terms.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. FINDLEY].

The amendment was rejected.

AMENDMENT OFFERED BY MR. STEIGER OF WISCONSIN

Mr. STEIGER of Wisconsin. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. STEIGER of Wisconsin: On page 3, line 14, immediately after the period, insert the following new sentence:

"The Secretary shall take steps to assure that, insofar as practicable, in any fiscal year beginning after the date of enactment of this sentence, the ratio of the value of dairy products exported under this Act to the value of all agricultural products so exported is approximately the same as the ratio of the value of dairy products produced in the United States to the value of all agricultural products produced in the United States."

(Mr. STEIGER of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. STEIGER of Wisconsin. Mr. Chairman, I offer this amendment though I am in full support of the legislation now before us.

I believe it is undoubted that Public Law 480 and our foreign distribution programs have served a valuable and worthwhile purpose and are vitally essential to the proper use of the productive ability of American agriculture.

Those amendments which were adopted in 1966 to Public Law 480, which eliminated the surplus concept that had been a part of Public Law 480, I thought might have shifted the emphasis in Public Law 480 away from surplus toward that based on nutrition, so that our farmers could look forward to a new and more prosperous era in agriculture.

This hope may well have been realized, as the director of the Special Services Division of the National Milk Producers Federation, Mr. Norton, pointed out in his testimony before the committee:

But in the case of milk and dairy products, the months subsequent to the 1966 amendments marked startling declines in the utilization of dairy products. Consequently, it became apparent that the surplus concept had not been eliminated in Public Law 480. For example, in 1966, utilization of dairy products in Public Law 480 amounted to only 0.76 percent of the total milk production; and in 1967 the utilization will be even lower.

The statistics and facts which were presented to the Committee on Agriculture are of grave concern to me, because it becomes apparent that the American dairy farmer has been caught in a scissors; at the same time that utilization of

milk and dairy products under Public Law 480 was declining the rate of imports to this country from countries abroad dramatically increased.

As an example, in the year 1966, in million pounds of milk equivalent, the imports to this country were 2,775, as compared to a utilization of dairy products under Public Law 480 of 320.

In 1967, before the action the President called for under section 22 became effective, the amount of dairy products imported was 2,855 million pounds milk equivalent, as compared to exports of almost nothing under Public Law 480.

I believe it is clear that the dairy industry is being shortchanged by the Department of Agriculture on the present basis under Public Law 480, and it is for that reason I have offered this amendment.

The purpose of the amendment is to provide a directive to the Department of Agriculture in its product selection. The amendment would provide that the ratio of the value of dairy products exported under this act to the value of all agricultural products so exported is approximately the same as the ratio of the value of dairy products produced in the United States to the value of all agricultural products produced in the United States.

During the period July 1, 1954, through December 31, 1967, Mr. Chairman, the value of the commodities shipped under Public Law 480 programs came to \$17,261,842,000. The value of dairy products shipped under the same program during the same period was \$1,339,301,000. This means that the value of dairy products shipped under Public Law 480 during this time came to only 7 percent. In 1967 this figure would be disastrously less.

Also in 1967, however, the amount of dairy cash receipts for the United States was \$5,770,344,000 while the total cash receipts for all agricultural products in the United States in that same year amounted to almost \$4,500 million. Thus the dairy industry accounted for over 13.5 percent of the total.

Mr. Chairman, I think it is only proper that dairy products receive more of a share of the Public Law 480 program. This program is one of our most worthwhile programs and I would not want to see it discontinued. On the other hand, I think it is imperative that the program be conducted equitably in order to give each commodity a fair share of the market.

In fact, it is amazing to me that dairy products have not received more of a share of the Public Law 480 program since its inception. This, as you know, is the greatest health food known to man and it would seem logical to give other nations more of a chance to both use it and to get accustomed to its use.

The record of the hearings clearly points out the inadequate treatment accorded our dairy industry. The figures presented to the committee by the American Farm Bureau Federation indicate the position of dairy products in the hands of the Commodity Credit Corporation as well as the significance of imports and exports of dairy products. As of February 23, 1968, the National Milk Producers Federation testified that

uncommitted dairy products, stocks of dairy products held by the Commodity Credit Corporation amounted, in the case of cheese, to over 69 million pounds; in the case of butter, over 132 million pounds; in the case of nonfat dry milk, 195,774,000 pounds.

Thus, Mr. Chairman, there is a need to reflect the concern of the Congress and the American dairy farmer as to the treatment given under Public Law 480 to our dairy industry. This amendment would provide an equitable basis for commodity treatment and could effectively be implemented by the Department of Agriculture.

The record is clear and stated well by Mr. Norton in his testimony:

It would seem, therefore, that the food-for-peace program, as amended in 1966, has apparently not, insofar as milk and dairy products are concerned, been implemented as effectively as the Congress had intended.

The amendment before us now would, I believe, help to insure more effective utilization.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. STEIGER of Wisconsin. I am happy to yield to the distinguished chairman of the full committee.

Mr. POAGE. I should merely like to comment that I believe most of us fully sympathize with what the gentleman from Wisconsin is attempting to do. We do recognize there has been very little, practically no sales of dairy products in the past 2 years.

We do recognize that it is highly desirable that milk and milk products share in the movement under this program. However, on the other hand, we recognize that this is a program in which foreign buyers determine what they want to buy. We simply cannot make this program function if we are going by law to force something on them that they do not want.

Nor could the gentleman hope to pass an amendment at this time without a dozen or more of his colleagues rising, as I see it, and adding similar provisions for tobacco, corn, wheat, flax, honey bees, and every other commodity grown in the United States, because everybody feels his commodity should share in like manner in such a program. We all join in that feeling. I think we cannot hope to solve it by this kind of an amendment. I think it would be so much better if we could express our views to the Department.

I, for one, certainly would favor expressing such views to the Department, and I think members of the Committee on Agriculture would join in suggesting to the Department that we would hope just as quickly as the price of milk makes this thing possible—and I think it does now—we should begin to try to find more markets for milk and milk products. I think that might have some practical effect, whereas I feel what the gentleman is doing will not achieve the desired effect no matter how desirable it is to achieve it.

Mr. STEIGER of Wisconsin. May I say to the distinguished chairman of the committee that I appreciate very much the concern he has expressed and the interest he has expressed in behalf of the American dairy farmer. Would you not

agree, given the significant amount of surplus dairy products that the Commodity Credit Corporation now has available, that this is a time when we ought to be utilizing to the extent possible and within the limitations of the Public Law 480 program as much of our dairy products as it is possible to use?

Mr. POAGE. Yes. I certainly think so, and I would be very hopeful that the Department would find ways to have sales for substantially larger amounts of dairy products. I would be glad to urge that they do try to find such markets. We have to find a market first.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

(Mr. STEIGER of Wisconsin, at the request of Mr. POAGE, was allowed to proceed for 1 additional minute.)

Mr. POAGE. We must find markets. That is the real question.

Mr. STEIGER of Wisconsin. I concur completely. I thank the chairman of the committee very much for what he has said.

Mr. BELCHER. Mr. Chairman, will the gentleman yield?

Mr. STEIGER of Wisconsin. I am glad to yield to the ranking minority member of the committee.

Mr. BELCHER. Mr. Chairman, I thoroughly concur with what the chairman of the committee said. I hope we can find markets for these dairy products. I agree with the chairman of the committee that I do not think this amendment will accomplish practically the purpose that the gentleman from Wisconsin wants to accomplish. However, I do want to urge the Department of Agriculture to find markets for these dairy products and others especially at a time when we have a surplus of lots of other products. I certainly urge the Secretary of Agriculture to attempt to dispose of these products.

Mr. STEIGER of Wisconsin. Mr. Chairman, in view of the colloquy which has taken place and the remarks made both by the chairman and the ranking minority member in support of the need to increase the use of dairy products under Public Law 480, I ask unanimous consent that I be allowed to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. CAREY. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I shall not propose an amendment, but I take this time in order to gain a colloquy with the distinguished chairman of the Committee on Agriculture.

Mr. Chairman, it is my understanding that when the U.S.-flag vessels are not available to transport cargoes under this program, the foreign recipient government can arrange to use foreign-flag vessels. Where a foreign-flag vessel is used the ocean freight may be paid and should be paid and is paid in currencies that are in the counterpart account of the government receiving the shipment. Is that correct? In other words, they do not use gold-backed U.S. dollars

to pay the freight if they use a foreign-flag vessel.

Mr. POAGE. I assume that is correct. The gentleman's own committee has jurisdiction over that and not our committee. That comes under the Cargo Preference Act and not under the Public Law 480 Act. The gentleman, frankly, would be in a better position to answer that than I am, but I do think it is correct.

Mr. CAREY. I just want to take this time in order to make it a part of the history of this bill, because, Mr. Chairman, fortunately I have a constituent in my district who has been wide awake on this point. We do not have many Brooklyn farmers, as you know. But, we Brooklynites worry very much about the farm program of our country. One Brooklynite who is in the shipping business found out that our Government was losing gold-backed dollars, thereby impairing our balance of payments because some of the people downtown were not insisting that when foreign-flag ships were carrying our grain they be paid in counterpart funds rather than dollars. He wrote to me and I, in turn, wrote to the agency responsible downtown and they acted upon this request of my constituent and reversed it. In other words, they put out a new memorandum on April 1 covering the question about which he was concerned, so that our balance of payments will be reduced to that extent.

Mr. Chairman, his letter to me illustrated his alertness and his vigilance in this vital matter and it is my understand that during the month of March alone, in a 30-day period, the ocean freight bookings as a result of his action and his recommendations to our Government resulted in a savings of \$1.2 millions in the gold outflow.

So, Mr. Chairman, I take this time to illustrate to the members of the committee that are "farmers" in Brooklyn, particularly Mr. Joseph Kearns, are very much aware as to this program and know how it operates and are concerned about our many efforts to see to it that our gold drain is not impaired in any way as a result of that type of operation.

Mr. POAGE. I wish to thank the distinguished gentleman from New York [Mr. CAREY] and also to thank his constituent for having observed and brought about this change.

Mr. JONES of Missouri. Mr. Chairman, will the gentleman yield?

Mr. CAREY. I yield to the gentleman from Missouri.

Mr. JONES of Missouri. I think it would be a practical thing to do to try to get this amendment added on in the other body, because if we are paying dollars now, we could be paying counterpart funds. It is just another example of how we are trying to destroy this Government from within and not from without.

Mr. CAREY. I thank the gentleman from Missouri for his remarks and assure the gentleman that it will not happen because of the alertness of my constituent. He wrote his Congressman and because of his initiative we straight-

ened it out and I trust it is not going to happen again.

In order that Mr. Joseph Kearns, of Brooklyn, N.Y., a man who I know personally as an outstanding American and community leader may receive the credit he deserves I submit for the record the correspondence which covers the matter in question.

On January 17, 1968, Mr. Kearns addressed the following letter, with enclosures, to me:

DANIEL F. YOUNG, INC.,

New York, N.Y., January 17, 1968.

Hon. HUGH L. CAREY,  
Brooklyn, N.Y.

DEAR HUGH: The attached clipping headed "Overseas Currency Use Urged" which appeared in the Journal of Commerce yesterday, points out that the United States Government has serious quantities of nonconvertible local currency in specified countries.

In my opinion, India is one of the greatest sieves through which the American dollar is being poured. I make reference only to the United States owned nonconvertible currency in India, the use of which is limited.

Attached is copy of letter sent to all voluntary relief agencies on May 24, 1966 by Howard S. Kresge, Director, Agency for International Development, Voluntary Foreign Aid Service, Office of Material Resources, Washington, D.C. In accordance with this plan we arranged with Indian flag vessels operated from this country by Scindia Steam Navigation Co., Jayanti and Great Eastern, to accept payment of Catholic Relief Services-USCC Public Law 480 shipments on a freight collect basis, payable in U.S. owned nonconvertible Indian currency. Of course, it was with the understanding bookings would not be made on an Indian flag vessel if American flag vessel space was available.

On March 21, 1967, the voluntary relief agencies were advised as per attached that freight would not be paid in India by U.S. owned nonconvertible Indian currency, making it incumbent upon us to pay with U.S. dollars for any cargo lifted by Indian flag vessels. We believe the excuse given was that the currency could only be used within India. It is my belief that Indian flag vessels, regardless of their location in the world, is considered as part of India and that our plan of shipping on a freight collect basis should be recognized as being valid.

Millions of U.S. dollars could be saved each year by insisting that any USDA surplus food commodities carried by Indian flag vessels be paid in India out of U.S. owned nonconvertible currency. The re-adoption of this plan would save the United States Government millions and millions of dollars in its drive to curtail dollar spending.

If you decide there is merit to warrant your further investigation, may I suggest you have a talk with Mr. Joseph Ryan of United States Dept. of Agriculture, Ocean Transportation Division, Washington, D.C. who sees eye to eye with me in this matter.

There is no financial gain to be realized by Daniel F. Young, Inc. or me personally if our shipments are carried by American, Indian or a third flag vessel. My only purpose of calling this to your attention is to make sure you are aware of this loophole that you may be able to close to the advantage of our government. If you see fit, I am prepared to discuss this further with you at your convenience.

Kindest regards,

Sincerely yours,

J. G. KEARNS,  
President.

executive branch activities, today recommended that all agencies follow the lead of the Maritime Administration and try to make maximum use of the vast accumulation of foreign currencies that have piled up especially as a result of the agricultural surplus disposal program.

At the urging of GAO, following a check by that office, MA has begun to encourage subsidized and nonsubsidized operators to purchase needed foreign currencies for their overseas expenses through the U.S. Treasury, rather than by way of commercial channels.

That action, GAO stressed has a three-fold effect.

It not only keeps dollars here and thus helps the U.S. balance of payments, but also helps the Commodity Credit Corp., to which the dollars are credited when such purchases of foreign currencies are made, and reduces the appropriations requests that agency must make of Congress. The use of these currencies also gets rid of them, GAO pointed out.

#### DIFFICULTY WITH PLAN

The major difficulty with the plan is that it is strictly limited to the availability of the currencies and the particular currency needed must be covered by a special agreement covering uses of such funds between the United States and the other countries.

The United States has piled up billions of dollars worth of foreign currencies. The difficulty has been that the money involved is not the right kind to a large extent. Too, by mid-1967 there were but eight countries with which the United States had agreements to allow such use, including the sale to U.S. citizens, at the official rate, for travel in those countries—Ceylon, Guinea, India, Israel, Pakistan, Tunisia, United Arab Republic and Congo.

GAO, in checking into the shipping aspect only, found that three subsidized ship lines, between March, 1965 and May, 1967 had purchased from regular commercial channels \$1.7 million worth of the currencies of countries on the agreements list.

GAO said ship operators covered—four of which, at least—"expressed a commendable willingness" to help the government in using the accumulated foreign currencies.

GAO held up the action of MA and its acting administrator James W. Gulick as an example for other agencies to follow in a government-wide attack on the balance of payments. The Budget Bureau was urged by GAO to bring to the attention of all agencies the actions of MA and to request each agency to make an effort to take similar action.

Mr. Gulick actually obtained from Treasury for distribution to subsidized and nonsubsidized carriers details of the currency situation and how they can be obtained.

The shipping industry, itself, has suggested steps to utilize these currencies in the past, although availability of the right currency and convertibility, where necessary, were always problems that seemed to go unsolved.

AGENCY FOR INTERNATIONAL DEVELOPMENT, VOLUNTARY FOREIGN AID SERVICE, OFFICE OF MATERIAL RESOURCES,

Washington, D.C., May 24, 1966.

Agency letter No. 19 (amendment to agency letter No. 1, 1/13/61 and agency letter No. 8, 2/19/65).

Subject: Maximum use of U.S. carriers-dollar outflow and use of U.S. owned local currency.

In keeping with the concern for the U.S. balance of payments problem expressed in the subject Agency Letters it is requested that the voluntary agencies use the following booking procedures when it is necessary to use non-U.S. flag vessels.

1. First preference is the utilization of U.S. flag vessels to be paid in dollars or, when offered, full or part payment in U.S. owned non-convertible local currency.

2. Among foreign flag offerings preference must be given first to those foreign flag car-

riers which will accept U.S. owned non-convertible local currencies.

3. Next preference must be given to those carriers which will accept part payment of freight costs in U.S. owned non-convertible local currencies.

*It is important that the carrier be apprised that U.S. owned local currencies are non-convertible. The dollar equivalent of local currencies used in reimbursement of ocean freight will be charged against the agencies' Procurement Authorizations.*

Bulletin No. 66-1 issued by the Bureau of the Budget on July 2, 1965 lists the following countries in which U.S. owned currencies are excess for 1966: Burma, Ceylon, Guinea, India, Israel, Pakistan, Poland, Tunisia, United Arab Republic (Egypt), Yugoslavia.

This office will keep you informed as the Bureau of the Budget issues further bulletins on excess currency countries.

When part of ocean freight costs is to be made in local currency, payment will be effected in the following manner:

Vouchers formerly prepared by a voluntary agency claiming payment in U.S. dollars for shipment on non-U.S. flags, will be prepared in the usual manner except that invoices now must clearly indicate the proportion of the costs to be paid in excess currency. Forms AID 10-165, Voluntary Agency and Carrier Certificate, will show in Block 2 the total amount of the freight cost in dollars. For the benefit of the U.S. banks and AID/W, the voluntary agency will show on the invoice the amount payable in dollars and will have attached thereto a copy of its letter to the voluntary agency representative in the recipient country instructing him to submit a voucher to the USAID/Controller (or Embassy Certifying Officer authorized to certify A.I.D. vouchers) for payment to the carrier in behalf of the voluntary agency.

The voluntary agency must insure that the foreign currency voucher cites the PA number and A.I.D. appropriation, which is obtained from Block 3 of the PA, and must be supported by a duplicate copy of the invoice which was presented to AID/W or the U.S. bank for payment. In addition, the voucher will contain a certification that the signed original and two copies of Form A.I.D. 10-165 are on file in AID/W with the dollar voucher.

Upon receipt of foreign currency voucher, properly identified, from the voluntary agency representatives, the USAID or Embassy Certifying Officer will arrange for payment in foreign currency.

When entire payment for freight cost is to be made in local currency voluntary agencies are requested to submit the reimbursement voucher and supporting documents to the Mission Controller or Embassy Certifying Officer of the country whose currency is involved in effecting payment.

The same procedures will apply to ocean freight reimbursement of the voluntary agencies' normal and P.L. 480 shipments. It is important in every case to cite the proper Procurement Authorization number and A.I.D. appropriation on all required documents.

This office is most appreciative of the efforts the agencies have made to cooperate with the request to make maximum use of U.S. carriers. In this further effort to stem the dollar outflow by using U.S. owned local currencies wherever possible we are confident that the agencies will continue to show their fine spirit of cooperation.

Sincerely yours,

HOWARD S. KRESGE,  
Director.

AMERICAN COUNCIL OF VOLUNTARY AGENCIES FOR FOREIGN SERVICE,

New York, N.Y., March 21, 1967.

To: Arthur Johnson, LWR; W. Langdon, CARE; E. O'Brien, CRS; Mel Myers, CWS.

From: E. C. Reiss, Council office.  
Re: My telephone call of March 20, 1967, subject "rupee bookings"—"Cease and desist until further word."

[From the Journal of Commerce, Jan. 16, 1968]

#### OVERSEAS CURRENCY USE URGED

WASHINGTON, January 15.—The General Accounting Office (GAO), Congress' eye on

The following cable message was received by AID/W from the U.S. Embassy, India, yesterday, March 20, and telephoned in by Mr. Kresge's office to the Council office today.

**"PAYMENT OF FREIGHT FOR TITLE II AND III SHIPMENTS**

"(1) Embassy has issued rupee checks for substantial number of freight invoices for Title II and III shipments to India and third countries. At our request Con Gon Bombay checked with Reserve Bank last October and were told that Indian shipping companies had been given special permission to accept rupees. Since then we have learned through voluntary agencies that shipping companies have been unable deposit rupee checks because of absence of specific waiver from Reserve Bank.

"(2) We called this situation to attention Ministry of Finance and are now officially informed that neither GOI nor Reserve Bank has authorized any shipping company to accept rupees for incoming Title II or III shipments. Companies which have accepted rupees in past have therefore done so without legal authority. As we reported previously, Indian foreign exchange control regulations do not permit shipping companies accept rupees for incoming surface freight without special permission.

"(3) GOI apparently will as special consideration allow rupees be accepted in cases of checks already issued, but unwilling allow future invoices be paid in rupees. In future, therefore, any rupee invoices received will have to be returned to Washington for reissue in dollars."

In reply, I wrote to Mr. Kearns:

FEERUARY 9, 1968.

Mr. J. G. KEARNS,  
President, Daniel F. Young, Inc.,  
New York, N.Y.

DEAR JOE: Thank you for taking the time to post me on the situation in India.

I thoroughly agree with you that under the current dollar drain situation every effort must be made to have this shipment paid for in United States owned non-convertible rupees.

I am, therefore, following your suggestion and I am contacting the Department of Agriculture as a first step.

I shall be pleased to keep you informed as to any developments and I again appreciate your attention to this matter at a time when we must be most zealous in our efforts to protect the dollar.

Best wishes to all at home.

Sincerely yours,

HUGH L. CAREY.

On the same date I forwarded to Secretary of Agriculture Freeman, Mr. Kearns' recommendations with the following comments:

FEERUARY 9, 1968.

Hon. ORVILLE FREEMAN,  
Secretary of Agriculture,  
Washington, D.C.

DEAR MR. SECRETARY: I am enclosing for your consideration and comment a letter addressed to me by Mr. D. J. Kearns, President of Daniel F. Young, Inc., of One Whitehall Street, New York, New York.

I agree with the views expressed that under the current dollar drain situation every effort must be made to have the shipment paid for in United States owned non-convertible rupees.

Sincerely yours,

HUGH L. CAREY.

Mr. Roy W. Lennartson, Associate Administrator of the Foreign Agricultural

Service, U.S. Department of Agriculture, responded on February 29; his report was forwarded to Mr. Kearns:

U.S. DEPARTMENT OF AGRICULTURE,  
FOREIGN AGRICULTURAL SERVICE,  
Washington, D.C., February 29, 1968.  
Hon. HUGH L. CAREY,  
House of Representatives.

DEAR MR. CAREY: This is in reply to your letter dated February 9, 1968, enclosing a copy of a letter dated January 17, 1968, from J. G. Kearns, President, Daniel F. Young, Inc., inquiring about the use of Indian rupees to pay freight.

Mr. Kearns is correct in stating that some time ago his office as well as other voluntary relief agencies and their representatives, together with the Department, in booking cargo under the Voluntary Agency and Government-to-Government programs authorized by Title II, Public Law 480, 83d Congress as amended, had arranged with Indian-flag vessel operators to pay the freight in United States-owned Indian rupees. Unfortunately, our understanding with the Government of India had not been formally cleared through all agencies of that Government and the rupee payment bookings had to be suspended until United States Government officials could negotiate suitable arrangements with the Government of India.

These arrangements were recently concluded and the parties responsible for the movement of voluntary agency cargoes were advised that hereafter when United States-flag vessels are not available for shipments to India, the shipper is authorized to solicit space from the national flag lines of India, with freight payable in United States-owned Indian rupees.

We appreciate your interest in this matter and if we can be of further assistance, please let us know.

Sincerely yours,

ROY W. LENNARTSON,  
Associate Administrator.

Subsequently, on April 5, Mr. Kearns replied, submitting a copy of the Department of State's voluntary agency letter No. 14, dated April 1, 1968, indicating a saving of \$1,253,756.44 during March and April on shipments to India:

#### WHEAT SHIPMENTS TO INDIA

FAS	Vessel	Loading date	Quantity	Loading port	Destination	Ocean freight
2187	State of West Bengal	Mar. 7	10,422,000	Beaumont	Calcutta	\$162,843.75
2031	State of Madhya Pradesh	Mar. 21	9,437,120	New Orleans	Bombay	147,455.00
2031	Jaladharti	Mar. 28	10,281,080	do	Madras	160,641.88
1825	Vishva Jyoti	Apr. 4	5,000,000	Beaumont	Bombay	78,125.00
2188	Vishva Seva	Apr. 28	7,440,000	Galveston	Madras	211,417.22
2189	Jalakanta	Apr. 15	6,232,000	do	Calcutta	176,370.46
2031	Jalarashmi	Apr. 25	7,513,800	Beaumont	Bombay	117,403.13
2031	State of Mysore	Apr. 12	12,768,000	Houston	do	199,500.00
Total						1,253,756.44

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MOORHEAD, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 16165), to extend the Agricultural Trade Development and Assistance Act of 1954, as amended, and for

DANIEL F. YOUNG, INC.,  
New York, N.Y., April 5, 1968.  
Hon. HUGH L. CAREY,  
Brooklyn, N.Y.

DEAR HUGH: Further to our exchange of correspondence regarding the use of non-convertible U.S. owned currency in India for the payment of Public Law 480 surplus food commodities, I am happy to attach Dept. of State's Voluntary Agency Letter No. 14 dated April 1, 1968. This document spells success for the effort that has been made over the past year to make the Indians see the light.

Also attached is a list of wheat shipments we are making to India for the account of CRS during March and April, the freight covering which will be paid on the above mentioned basis at a saving in U.S. dollars to the Government of \$1,253,756.44.

Sincerely yours,

J. G. KEARNS,  
President.

DEPARTMENT OF STATE, AGENCY FOR  
INTERNATIONAL DEVELOPMENT,  
Washington, D.C., April 1, 1968.

Voluntary agency letter No. 14 (limited mailing list).  
Subject: Public Law 480, title II, voluntary relief agencies' shipments to India.

The Government of India has agreed to accept 100 per cent U.S.-owned local excess rupee payment of Voluntary Agency P.L. 480 Title II and Government-to-Government shipments to India on Indian-flag vessels.

U.S. flag carriers will receive first preference on all such cargo, freight payable dollars.

If no U.S. flag space is available, Indian flag carriers will be offered cargo payable in U.S.-owned local excess rupees.

This office requests that when an agency shipment to India is to be paid in U.S.-owned local excess rupees, the following information be furnished:

1. Statement that no U.S. flag vessel available;
2. Name of Indian flag vessel;
3. Tonnage booked;
4. Commodity;
5. Freight rate;
6. Loading and discharge ports;
7. Loading date and ETA destination.

HOWARD S. KRESGE,  
Director, Voluntary Agencies Division,  
Office of Private Resources.

other purposes, pursuant to House Resolution 1163, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendment.

The question was taken; and the Speaker announced that the "ayes" appeared to have it.

MR. FINDLEY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

THE SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 370, nays 21, not voting 42, as follows:

[Roll No. 137]

YEAS—370

Abbitt	Dellenback	Johnson, Calif.
Adair	Denney	Johnson, Pa.
Adams	Dent	Jonas
Addabbo	Derwinski	Jones, Ala.
Albert	Devine	Jones, Mo.
Anderson, Ill.	Dickinson	Jones, N.C.
Anderson, Tenn.	Dole	Karth
Andrews, Ala.	Donohue	Kastenmeier
Andrews,	Dowdy	Kazen
N. Dak.	Downing	Keith
Anunzio	Dulski	Kelly
Ashbrook	Duncan	King, Calif.
Ashley	Dwyer	King, N.Y.
Ashmore	Eckhardt	Kirwan
Aspinall	Edmondson	Kleppe
Ayres	Edwards, Ala.	Kluczynski
Baring	Edwards, La.	Kornegay
Barrett	Eilberg	Kupferman
Bates	Erlenborn	Kuykendall
Battin	Esch	Kyl
Belcher	Eshleman	Kyros
Bell	Evans, Colo.	Laird
Bennett	Everett	Landrum
Berry	Fallon	Langen
Betts	Fascell	Latta
Biesler	Feighan	Leggett
Blackburn	Findley	Lennon
Blanton	Fino	Lipscomb
Blatnik	Fisher	Lloyd
Boggs	Flood	Long, La.
Boland	Flynt	Long, Md.
Bolling	Foley	Lukens
Bolton	Ford, Gerald R.	McCarthy
Bow	Fountain	McCloskey
Brademas	Friedel	McCormick
Brasco	Fulton, Pa.	McClure
Bray	Fuqua	McDade
Brinkley	Galifianakis	McDonald, Mich.
Brock	Gardner	McEwen
Brooks	Garmatz	McFall
Broomfield	Gathings	McMillan
Brotzman	Gettys	MacGregor
Brown, Mich.	Giaimo	Machen
Brown, Ohio	Gibbons	Madden
Broyhill, N.C.	Gilbert	Mahon
Broyhill, Va.	Gonzalez	Marsh
Buchanan	Goodell	Martin
Burke, Fla.	Goodling	Mathias, Calif.
Burleson	Gray	May
Burton, Utah	Green, Pa.	Mayne
Bush	Gross	Meeds
Button	Grover	Meskill
Byrne, Pa.	Gubser	Michel
Byrnes, Wis.	Gude	Miller, Calif.
Cabell	Hagan	Mills
Cahill	Haley	Minish
Carey	Hall	Minshall
Casey	Halpern	Mize
Cederberg	Hamilton	Monagan
Celler	Hammer-	Hanley
Chamberlain	schmidt	Moorhead
Clancy	Hansen, Wash.	Morgan
Clausen,	Harrison	Morris, N. Mex.
Don H.	Harsha	Morton
Clawson, Del	Harvey	Mosher
Cleveland	Hays	Moss
Collier	Hechler, W. Va.	Murphy, Ill.
Colmer	Heckler, Mass.	Murphy, N.Y.
Conable	Henderson	Myers
Conte	Hicks	Natcher
Corbett	Horton	Nedzi
Corman	Hosmer	Nelsen
Cowger	Howard	Nichols
Cramer	Hull	Nix
Culver	Hungate	O'Konski
Cunningham	Hunt	O'Neal, Ga.
Curtis	Hutchinson	Ottinger
Daddario	Ichord	Passman
Daniels	Irwin	Patman
Davis, Ga.	Jacobs	Patten
Davis, Wis.	Jarman	Pelly
Dawson	Joelson	Pepper
de la Garza		
Delaney		

Perkins	Roush	Thompson, Ga.
Pettis	Royal	Thompson, N.J.
Philbin	Rumsfeld	Thomson, Wis.
Pickle	Ruppe	Tiernan
Pike	St Germain	Tuck
Pirnie	St. Onge	Tunney
Poage	Sandman	Udall
Poff	Satterfield	Ullman
Pollock	Saylor	Utt
Pool	Schadeberg	Van Deerlin
Price, Ill.	Scherle	Vander Jagt
Price, Tex.	Schneebeli	Vanik
Pryor	Schweiker	Vigorito
Pucinski	Schwengel	Waggoner
Purcell	Scott	Waldie
Quie	Shipley	Walker
Quillen	Shriver	Wampler
Railsback	Sikes	Watkins
Randall	Sisk	Watson
Rarick	Skubitz	Watts
Reid, Ill.	Smith, Calif.	Whalen
Reid, N.Y.	Smith, Iowa	Whalley
Reifel	Smith, N.Y.	White
Reinecke	Smith, Okla.	Whitener
Reuss	Snyder	Whitten
Rhodes, Ariz.	Springer	Widnall
Rhodes, Pa.	Stafford	Wiggins
Riegle	Stanton	Williams, Pa.
Rivers	Steed	Willis
Roberts	Steiger, Ariz.	Wilson, Bob
Robison	Steiger, Wis.	Winn
Rodino	Stephens	Wolff
Rogers, Colo.	Stratton	Wright
Rogers, Fla.	Stuckey	Wyatt
Ronan	Sullivan	Wydler
Rooney, N.Y.	Taft	Wylie
Rooney, Pa.	Talcott	Wyman
Rostenkowski	Taylor	Zablocki
Roth	Teague, Calif.	Zion
Roudebush	Teague, Tex.	Zwach

NAYS—21

Abernethy	Bingham	Hathaway	Podell
Arends	Brown, Calif.	Hawkins	Rees
Bevill	Burke, Mass.	Helstoski	Rosenthal
Carter	Burton, Calif.	Macdonald,	Ryan
Clark	Cohean	Mass.	Scheuer
Conyers	Edwards, Calif.	Matsunaga	Yates
Diggs	Dingell	Hansen, Idaho	
Dorn	Dow	Hansen, Idaho	Resnick
Dow	Evins, Tenn.	Hardy	Selden
Ford,	Ford, William D.	Hébert	Slack
Fraser	Karsten	Herlong	Staggers
Frelinghuysen	Mailliard	Holifield	Stubblefield
		Holland	Tenzer
		Karsten	Wilson,
		Kee	Charles H.
		Mailliard	Young
		Mathias, Md.	

NOT VOTING—42

Abernethy	Green, Oreg.	Moore	Boggs
Arends	Griffin	Morse, Mass.	Boland
Bevill	Griffiths	O'Hara, Mich.	Bolling
Carter	Gurney	Olsen	Bow
Clark	Halleck	O'Neill, Mass.	Brademas
Conyers	Hansen, Idaho	Resnick	Brasico
Diggs	Hardy	Selden	Bray
Dorn	Hébert	Slack	Brock
Dow	Herlong	Staggers	Brooks
Evins, Tenn.	Holifield	Holifield	Broomfield
Ford,	Holland	Tenzer	Brotzman
Fraser	Karsten	Wilson,	Brown, Mich.
Frelinghuysen	Kee	Charles H.	Brown, Ohio
	Mailliard	Young	Broyhill, N.C.
	Mathias, Md.		Broyhill, Va.
			Burke, Mass.
			Burleson
			Burton, Calif.
			Burton, Utah
			Bush
			Button
			Byrne, Pa.
			Byrnes, Wis.
			Cabell
			Cahill
			Carey
			Casey
			Cederberg
			Celler
			Chamberlain
			Clancy
			Clausen,
			Don H.
			Clawson, Del
			Cleveland
			Collier
			Conable
			Conte
			Corbett
			Corman
			Cramer
			Culver
			Cunningham
			Daddario
			Daniels
			Davis, Ga.
			Davis, Wis.
			Dawson
			de la Garza
			Delaney
			Dellenback

Messrs. GALLAGHER and BURKE of Massachusetts changed their votes from "yea" to "nay."

Mr. HICKS changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The doors were opened.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. GERALD R. FORD. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 345, nays 42, not voting 46, as follows:

[Roll No. 138]

YEAS—345

Abbitt	Denney	Jonas
Adair	Dent	Jones, Ala.
Anderson, Ill.	Dole	Jones, Mo.
Anderson, Tenn.	Donohue	Karth
Andrews, Ala.	Downing	Kazan
Andrews, N. Dak.	Dulski	Keith
Annunzio	Dwyer	Kelly
Ashbrook	Eckhardt	King, Calif.
Ashley	Edmondson	King, N.Y.
Aspinall	Edwards, Ala.	Kirwan
Ayres	Edwards, La.	Kleppe
Baring	Eilberg	Edwards, Calif.
Barrett	Erlenborn	Kluczynski
Bates	Esch	Kornegay
Battin	Eshleman	Kupferman
Belcher	Evans, Colo.	Kuykendall
Bell	Everett	Kyl
Bennett	Fallon	Kyros
Berry	Fascell	Laird
Betts	Feighan	Landrum
Biesler	Findley	Langen
Blackburn	Fino	Latta
Blanton	Fisher	Leggett
Blatnik	Flood	Lennon
Boggs	Foley	Findley
Boland	Ford, Gerald R.	Lipscomb
Bolling	Fountain	Long, La.
Bolton	McClory	Foley
Bow	McCloskey	Lukens
Brademas	McCormick	Ford, Gerald R.
Brasco	McClure	McCarthy
Bray	McDade	Fountain
Brinkley	McDonald, Mich.	McClure
Brock	McEwen	Brasico
Brooks	McFall	Fulton, Pa.
Broomfield	McMillan	McCloskey
Brotzman	MacGregor	Fulton, Tenn.
Brown, Mich.	Machen	McCormick
Brown, Ohio	Madden	McCloskey
Broyhill, N.C.	Mahan	McDade
Broyhill, Va.	Madden	Galifianakis
Buchanan	Marsh	McDonald, Mich.
Burke, Fla.	Martin	Gallagher
Burleson	Mathias, Calif.	McEwen
Burton, Utah	May	Gardner
Bush	Mayne	Garmatz
Button	Meeds	Gathings
Byrne, Pa.	Meskill	McFall
Byrnes, Wis.	Michel	McMillan
Cabell	Miller, Calif.	MacGregor
Cahill	Mills	Machen
Carey	Minish	Gibbons
Casey	Minshall	Madden
Cederberg	Mize	Gilbert
Celler	Monagan	Mahon
Chamberlain	Moorhead	Gonzalez
Clancy	Morse	Marsh
Clausen,	Moyers	Goodell
Don H.	Mozh	Martin
Clawson, Del	Mozh	Goodling
Cleveland	Mozh	Mathias, Calif.
Collier	Mozh	Gray
Conable	Mozh	Matsumaga
Conte	Mozh	May
Corbett	Mozh	Meeds
Corman	Mozh	Meskill
Cowger	Mozh	Miller, Calif.
Cramer	Mozh	Mills
Culver	Mozh	Miller, Ohio
Cunningham	Mozh	Hamilton
Curtis	Mozh	Hammer-
Daddario	Mozh	schmidt
Daniels	Mozh	Mink
Davis, Ga.	Mozh	Hanna
Davis, Wis.	Mozh	Minshall
Dawson	Mozh	Hansen, Wash.
de la Garza	Mozh	Harrison
Delaney	Mozh	Monagan
Dellenback	Mozh	Harsha

O'Hara, Ill.

Pettis	Roudebush	Teague, Tex.
Philbin	Roush	Thompson, N.J.
Pickle	Royal	Thomson, Wis.
Pike	Ruppe	Tiernan
Firnie	Ryan	Tuck
Poage	St Germain	Tunney
Podell	St. Onge	Udall
Poff	Satterfield	Ullman
Pollock	Saylor	Van Deerlin
Price, Ill.	Schadeberg	Vander Jagt
Price, Tex.	Scherle	Vanik
Pryor	Scheuer	Waggoner
Pucinski	Schneebeli	Walde
Purcell	Schweiker	Walker
Quile	Schwengel	Wampler
Quillen	Scott	Watkins
Railsback	Shipley	Watson
Randall	Shriver	Watts
Rees	Sikes	Whalen
Reid, Ill.	Sisk	Whalley
Reid, N.Y.	Skubitz	White
Reifel	Smith, Iowa	Whitener
Reuss	Smith, N.Y.	Whitten
Rhodes, Ariz.	Smith, Okla.	Widnall
Rhodes, Pa.	Springer	Williams, Pa.
Riegler	Stafford	Willis
Roberts	Stanton	Winn
Robison	Steed	Wolf
Rodino	Steiger, Ariz.	Wright
Rogers, Colo.	Steiger, Wis.	Wyatt
Rogers, Fla.	Stephens	Wydler
Ronan	Stratton	Wylie
Rooney, N.Y.	Sullivan	Yates
Rooney, Pa.	Taft	Zablocki
Rosenthal	Talcott	Zion
Rostenkowski	Taylor	Zwach
Roth	Teague, Calif.	

**NAYS—42**

Adams	Gross	Rarick
Ashbrook	Grover	Reinecke
Baring	Haley	Rivers
Bennett	Hall	Rumsfeld
Brinkley	Hicks	Sandman
Buchanan	Hosmer	Smith, Calif.
Burke, Fla.	Ichord	Snyder
Clawson, Del	Macdonald,	Stuckey
Cowger	Mass.	Thompson, Ga.
Curtis	Michel	Utt
Derwinski	Nichols	Wiggins
Dowdy	O'Neal, Ga.	Wilson, Bob
Duncan	Passman	Wyman
Fino	Pelly	
Flynt	Pool	

**NOT VOTING—46**

Abernethy	Griffin	Mayne
Arends	Griffiths	Moore
Bevill	Gurney	Morse, Mass.
Brown, Calif.	Hagan	O'Hara, Mich.
Carter	Halleck	Olsen
Clark	Hansen, Idaho	O'Neill, Mass.
Conyers	Hardy	Resnick
Diggs	Hébert	Selden
Dingell	Herlong	Slack
Dorn	Holifield	Staggers
Dow	Holland	Stubblefield
Ford,	Karsten	Tenzer
William D.	Kee	Vigorito
Fraser	Long, Md.	Wilson
Frelinghuysen	Mailliard	Mathias, Md.
Green, Oreg.	Charles H.	Young

So the bill was passed.

The Clerk announced the following pairs:

Mr. O'Neill of Massachusetts with Mr. Arends.

Mr. Hébert with Mr. Mailliard.

Mr. Brown of California with Mr. Moore.

Mr. Hardy with Mr. Halleck.

Mr. Abernethy with Mr. Gurney.

Mr. Holifield with Mr. Morse of Massachusetts.

Mr. Griffin with Mr. Mathias of Maryland.

Mr. Slack with Mr. Hansen of Idaho.

Mr. Bevill with Mr. Frelinghuysen.

Mr. Dorn with Mr. Carter.

Mr. Dow with Mr. Olsen.

Mr. O'Hara of Michigan with Mr. Resnick.

Mr. Selden with Mr. Dingell.

Mr. William D. Ford with Mr. Conyers.

Mr. Karsten with Mr. Diggs.

Mrs. Griffiths with Mr. Holland.

Mr. Herlong with Mr. Fraser.

Mr. Staggers with Mr. Charles H. Wilson.

Mr. Stubblefield with Mr. Kee.

Mr. Young with Mrs. Green of Oregon.

Mr. Clark with Mr. Vigorito.

Mr. Tenzer with Mr. Hagan.

Mr. Long of Maryland with Mr. Schwengel.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER. Pursuant to the provisions of House Resolution 1163, the Committee on Agriculture is discharged from the further consideration of the bill S. 2986.

**MOTION OFFERED BY MR. POAGE**

Mr. POAGE. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Motion offered by Mr. POAGE: Strike out all after the enacting clause of S. 2986 and insert in lieu thereof the provisions of the bill H.R. 16165, as passed.

The SPEAKER. The question is on the motion offered by the gentleman from Texas [Mr. POAGE].

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill (H.R. 16165) was laid on the table.

**AUTHORIZING THE CONSTRUCTION, OPERATION, AND MAINTENANCE OF THE COLORADO RIVER BASIN PROJECT**

(Mr. JOHNSON of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. JOHNSON of California. Mr. Speaker, tomorrow the House of Representatives will be called upon to consider H.R. 3300, a bill to provide for regional water resource planning and development of the Colorado River Basin and the Pacific Southwest.

The bill, as reported by the Interior and Insular Affairs Committee and cleared for debate by the Committee on Rules, represents a great deal of effort and study on the part of many people, including those on the Interior Committee and on its Subcommittee on Irrigation and Reclamation, of which I have the distinct privilege to chair.

Throughout the long discussion which has taken place on this legislation, a great many questions have arisen and I hope in this presentation to answer many of these questions. Let us consider some of the issues which have a direct bearing on the debate which we will commence tomorrow.

**1. THE AUGMENTATION STUDY ISSUE**

There is no reasonable chance that the Colorado River will supply enough water to meet the foreseeable demands of the area which relies upon it. Yet, there can be no lasting solution to the water problems and disputes of the States of the Colorado River Basin without the addition of more water. The need for augmentation is beyond reasonable dispute. The only legitimate areas for difference of opinion lie in how and when this augmentation must be accomplished.

How the river should be augmented cannot be answered with confidence until the studies of all alternatives called for in the legislation have been completed. The experts who testified before the

committee on water supply and growth of requirements for water in the area served from the Colorado agreed that augmentation will be required prior to the turn of the century, and that failure to provide additional water in the mid-1990's would bring development in the Pacific Southwest to a halt. Experience has shown that at least 25 years are required to plan, authorize, design, and construct a major water project. Hence, studies of alternative means of augmenting the Colorado River must be initiated immediately if the future growth and economy of the Pacific Southwest is to be assured and decisions concerning augmentation are to be made with full knowledge of all alternatives. Considering the potential leadtime needed to develop some of the alternatives, the studies must be completed and the facts before the Congress by not later than the mid-1970's. Under these circumstances, deferral of the studies would represent procrastination, and could result in decisions under crisis conditions rather than on the basis of orderly procedures.

Only through compromise and statesmanship by the seven States of the Colorado River Basin has a consensus been obtained to proceed with development that overcommits the river's limited resources before long-range augmentation studies are completed. This compromise is founded on studies of alternative means of augmenting the Colorado being conducted concurrently with construction of works that will increase the draft on the Colorado. To maintain the consensus, meaningful studies of all alternatives must be carried out on a strict timetable to provide assurance against the certain need in the future to apportion shortages from an overcommitted supply in the event nothing is done to augment the natural supply. The water supply for the central Arizona project relies in part upon the availability of temporarily unused supplies apportioned to the upper basin by the Colorado River Compact. The slower developing States of the upper basin consider the studies under title II as a meaningful step toward augmentation and as further assurance that they will be able to utilize fully their entitlements when the need arises.

The minority opposition to the inclusion of augmentation studies in the legislation argues that the only way to assure objectivity is to place the entire matter before an independent National Water Commission authorized under separate legislation. Furthermore, the Northwest States request time to complete their in-basin and State water planning studies before initiation of interbasin studies. Thus these State studies as well as the Federal-State type I comprehensive framework studies are scheduled to be completed by 1971. The augmentation studies provided for in this bill, scheduled for completion in the mid-1970's allow full opportunity for consideration of the results of current State and Federal studies.

The committee, in 1967, approved legislation to create a National Water Commission. Favorable action was achieved on the floor of the House. Previously the Senate had passed a similar measure. The

National Water Commission has the almost unanimous support of the Congress.

Even so, the committee believes that there is some confusion as to the purposes of the Commission. Certainly a small, temporary, "blue-ribbon" National Water Commission, created to deal with policy matters, should not be asked to manage and direct comprehensive studies of means of augmenting the Colorado River any more than it should be asked to manage and direct studies intent on solving the water and pollution problems of the Great Lakes, supplying the long-range water requirements of the high plains of Texas, or the almost endless quantity and quality problems which stretch from one end of the country to the other. In the words of the President, the Commission would "review and advise on the entire range of water resource problems. It will judge the quality of our present efforts. It will recommend long-range plans for the future."

To accomplish objectives of this nature, only the broadest strokes can be taken. Therein lies the value of such a commission, not in managing and directing specific regional studies.

The committee feels that water problems throughout the country, including the Southwest, are so urgent that studies should proceed concurrently with the policy review of the National Water Commission. In the case of the Colorado, the timetable will enable the Congress to appraise the results of the augmentation studies in light of the National Water Commission's recommendations, as the feasibility-level Colorado River report is not due until January 1, 1975, and the National Water Commission report is due 5 years from its creation.

In order to guard against deterioration of the economy of the Southwest when its water supply becomes completely developed and used, the committee concludes that augmentation studies covering all alternatives—such as reductions in water losses, water conservation practices, desalting, weather modification, interbasin water transfers, and other means—must be undertaken without delay. The committee believes that enactment and implementation of title II in the form which has been approved—including the protection afforded to the areas of origin and the veto powers given to the States involved before a recommendation can be forwarded to the Congress—will not only meet the urgent needs for objective investigations and studies essential to the future of the Colorado River Basin, but will provide also positive protection and benefits to other areas of the West as well.

## 2. PROTECTION FOR AREAS OF POTENTIAL EXPORT

States that are potential areas of export are fully protected under the provisions of H.R. 3300. The bill directs the Secretary to investigate the long-range water supply of areas from which water could be imported into the Colorado River system, and the probable ultimate requirements of such areas.

The bill also protects the areas of origin by giving their future requirements for water a priority in perpetuity over the users of waters that are diverted

from the basin, even though the diverted waters are put to a prior consumptive use.

Section 203 protects the States of areas of origin in the event a plan is prepared for interbasin diversions into the Colorado River system. The Secretary is directed to include in the plan provisions that assure water supplies that are adequate to satisfy the ultimate requirements of the areas of origin at prices that are not affected adversely by the exportation of water to the Colorado River. For example, if the exportation of water caused the potential water users in the areas of origin to look to more expensive sources or methods of supply, the additional cost would have to be met either from one of the two development funds established in the Colorado River Basin or from other Federal revenues.

If the plan involves an interbasin diversion, no recommendation may be made unless the States affected approve, and the reports must include provisions for protecting the interests of the areas of origin.

## 3. THE MEXICAN WATER TREATY, A NATIONAL OBLIGATION

The Mexican Water Treaty, negotiated during the war years, is a treaty between nations and provides no tangible benefits in terms of flood control, water supply, or power generation to the seven Colorado River Basin States.

The history of the Mexican Water Treaty shows that the overriding issue during negotiation was to have the treaty ratified prior to the United Nations organizational conference of 1945. National interest required passage of this treaty so that the United States could successfully pursue other international issues of importance to the Nation. Thus, the treaty was entered into by the United States in the interests of international comity and to enhance the Nation's position of world leadership. These benefits are shared equally by all citizens. Hence, the costs should be borne by all as they become due.

The treaty was ratified by the Senate over the objection of water users throughout the Colorado River Basin States on the basis of testimony by Federal experts that Mexico would be supplied from surpluses not previously apportioned among the Colorado River Basin States. The Senate, hence, assumed that it was not asking citizens of the basin States to pay a price greater than that required of the citizens of other States. Congress and the executive branch have established precedents to protect the basin States against all costs of the treaty recognized to date.

The most recent congressional recognition of the Mexican Water Treaty as a national obligation occurred in 1965 when Congress, faced by Mexican complaints over the quality of Colorado River water she was receiving under terms of the treaty, authorized the construction of works to preserve the quality of releases to Mexico. The costs of constructing and operating these works were made nonreimbursable, and thus the responsibility of all taxpayers. Previously, the portion of the costs of constructing Davis Dam, completed in 1950, to provide

storage necessary to regulate the supply granted Mexico, had been allocated to the Mexican Treaty. Painted Rock Dam, completed in 1959, as a nonreimbursable project on the Gila River was justified in part upon the fact that its construction was vital to the operation of the treaty.

Time has shown that the natural supply of the Colorado is much less than the Federal experts predicted in the early 1940's. The demands of the Mexican Water Treaty cannot be met from the natural supply of the river without significantly reducing the supplies apportioned to the seven basin States. This fact is set forth and the national character of the resulting burden reaffirmed in title II of H.R. 3300. Title II also authorizes a study of alternative means of augmenting the supply of the Colorado River and relieving the States of the burden of meeting the Mexican Treaty. Title IV continues the policy of making all costs allocated to satisfaction of the Mexican Treaty burden nonreimbursable.

## 4. CENTRAL ARIZONA PROJECT

Central Arizona project facilities authorized by H.R. 3300 will coordinate the use of Colorado River water and the local water resources of the Gila River Basin to provide water for the rapidly expanding metropolitan areas of Phoenix and Tucson, for agricultural areas presently dependent upon severely overdrafted ground water basins, and for other water-deficient areas of Arizona and western New Mexico through direct diversion or exchange of water. Additional purposes include flood control, recreation, fish and wildlife conservation, sediment retention, salinity control, power generation, and area redevelopment.

The backbone facilities of the central Arizona project are the Granite Reef, Salt-Gila, and Tucson aqueducts, which will convey pumped Colorado River water to the central service zone. Major project features include: Granite Reef aqueduct and pumping plants, Salt-Gila aqueduct and pumping plant, Orme Dam and Reservoir or suitable alternative, Tucson aqueduct and pumping plants—Colorado River source, Buttes Dam and Reservoir, Hooker Dam and Reservoir—New Mexico, Charleston Dam and Reservoir, and Tucson aqueduct—San Pedro River source.

## GRANITE REEF AQUEDUCT

The Granite Reef aqueduct will transport water diverted from Lake Havasu by the Havasu pumping plant about 200 miles to Orme Dam located a few miles northeast of Phoenix. The designed capacity of the concrete-lined aqueduct is 2,500 cubic feet per second. The Granite Reef aqueduct, in addition to the initial pumping plant at Lake Havasu, will require a series of lower lift pumping plants, short tunnels, and siphon crossings at major drainages.

## ORME DAM AND RESERVOIR

Located on the Salt River just downstream from its junction with the Verde River, the Orme Dam will be operated with the present Salt River project storage system as well as the aqueduct system from the Colorado River. Sediment-laden storm-flows, originating on tribu-





# DIGEST of Congressional Proceedings

## OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE  
WASHINGTON, D. C.  
OFFICIAL BUSINESS

POSTAGE AND FEES PAID  
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(FOR INFORMATION ONLY;  
NOT TO BE QUOTED OR CITED)

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HIGHLIGHTS: Senate committee voted to report bills on food stamp, Cradle of Forestry, emergency credit, Kerr Memorial, and watershed construction. Senate committee reported housing bill. House subcommittee approved bill to lease tobacco allotments without clearance.					

### HOUSE

1. RECLAMATION. Completed general debate on H. R. 3300, the Colorado River Basin project bill. pp. H3771-846
2. APPROPRIATIONS. The Appropriations Committee was granted until midnight May 16 to report the Interior Dept. and related agencies appropriation bill. p. H3771

3. INTEREST RATES. Reps. Sullivan and Brock were appointed as House members of the Commission To Study Mortgage Interest Rates and the Availability of Mortgage Credit at a Reasonable Cost to the Consumer. p. H3774
4. CCC. Both Houses received from the President the Annual Report of the Commodity Credit Corporation. The President stated that the report "shows that the Corporation has continued to reduce agricultural surpluses" and "demonstrates that the broad authority of the Commodity Credit Corporation is being used to benefit both the U. S. farmer and those in great need abroad." To H. Banking and Currency and S. Agriculture and Forestry Committees. pp. H3775, S5618
5. PUBLIC LAW 480. Agreed to perfect the title of S. 2986, to extend and amend this law (p. H3772). During debate (see Digest 82) the Findley amendment was agreed to, 370-21, and the Steiger amendment was withdrawn.
6. LANDS; TOBACCO. A subcommittee of the Agriculture Committee approved for full committee action H. R. 16065, to release conditions in deeds conveying certain lands to Iowa, and H. R. 17002, to permit transfer of tobacco allotments by lease without clearance from lienholder. p. D438  
The Interior and Insular Affairs Committee voted to report (but did not actually report) S. 1059, to authorize a longer term of grazing leases on Alaska lands to attract long-term financing up to 55 years in place of 20 years. p. D438
7. DEFENSE PRODUCTION. The Banking and Currency Committee voted to report (but did not actually report) H. R. 17268, amended, to continue the Defense Production Act. p. D438
8. CREDIT. The "Daily Digest" states that the conferees on S. 5, the truth in lending bill, agreed to file a report. p. D439
9. ELECTRIFICATION. Rep. Whitten congratulated the REA on its 33rd anniversary and praised the role that the rural electric cooperatives have taken in "an effort to lift the standard of living for millions of rural people." p. H3847
10. TAXATION; EXPENDITURES. Rep. Denney stated "if revenue bonds for industrial development purposes are to be preserved as an effective economic development tool providing substantial employment, a dollar limit should not be set below \$10 million." He stated that conferees on the tax bill have "decided that the income on these bonds should be taxable in the case of any issue over \$1 million." pp. H3847-8  
Rep. Wynn urged the Appropriations Committee of both Houses to "immediately convene and recommend to the conferees on the tax bill \$6 billion in specific cuts." pp. H3849-50  
Rep. Albert announced that "the tax bill conference report will not be called up before the Memorial Day holiday." p. H3846

# House of Representatives

WEDNESDAY, MAY 15, 1968

The House met at 12 o'clock noon.  
The Chaplain, Rev. Edward G. Latch,  
D.D., offered the following prayer:

*It is God who is at work within you,  
giving you the will and the power to  
achieve His purpose.—Philippians 2: 13*  
(Phillips).

Our Father in Heaven, we thank Thee  
for this sacred minute when we unite  
our hearts in prayer unto Thee, when  
for a moment we pause in Thy presence  
seeking guidance and strength from Thy  
hand.

Let not the beauty of the earth, nor  
the glory of the skies, nor the love which  
surrounds us daily blind us to the needs  
of the needy and the poverty of the poor.  
Make us so dissatisfied with large pro-  
fessions and little practices, with fine  
words and feeble works, with smiling  
faces and sour faiths that we now pray  
earnestly for the renewal of a right and  
a good spirit within us.

Speak Thou to us, O Lord, and may  
we hear Thy voice, and hearing it  
harken to it, and harkening to it heed  
it, for the glory of Thy name, the good  
of our Nation, and the greatness of  
this House of Representatives. In the  
Master's name we pray. Amen.

## THE JOURNAL

The Journal of the proceedings of  
yesterday was read and approved.

## MESSAGE FROM THE SENATE

A message from the Senate by Mr.  
Bradley, one of its clerks, announced  
that the Senate had passed, with amend-  
ment in which the concurrence of the  
House is requested, a bill of the House  
of the following title:

H.R. 15190. An act to amend sections 3  
and 4 of the act approved September 22,  
1964 (78 Stat. 990), providing for an in-  
vestigation and study to determine a site for  
the construction of a sea-level canal con-  
necting the Atlantic and Pacific Oceans.

The message also announced that the  
Senate agrees to the amendments of the  
House to bills of the Senate of the fol-  
lowing titles:

S. 68. An act for the relief of Dr. Noel O.  
Gonzalez;

S. 107. An act for the relief of Cita Rita  
Leola Ines; and

S. 2248. An act for the relief of Dr. Jose  
Fuentes Roca.

The message also announced that the  
Senate had passed bills of the following  
titles, in which the concurrence of the  
House is requested:

S. 758. An act to amend the Interstate  
Commerce Act to enable the Interstate  
Commerce Commission to utilize its em-  
ployees more effectively and to improve ad-  
ministrative efficiency; and

S. 3159. An act authorizing the Trustees  
of the National Gallery of Art to construct  
a building or buildings on the site bounded  
by Fourth Street, Pennsylvania Avenue,  
Third Street, and Madison Drive NW., in the  
District of Columbia, and making provision  
for the maintenance thereof.

## PERMISSION FOR COMMITTEE ON APPROPRIATIONS TO FILE PRIV- ILEGED REPORT ON DEPART- MENT OF INTERIOR AND RE- LATED AGENCIES APPROPRI- ATIONS, 1969, UNTIL MIDNIGHT MAY 16

Mrs. HANSEN of Washington. Mr.  
Speaker, the Committee on Appropriations  
plans to report the Interior ap-  
propriation bill tomorrow

I ask unanimous consent that the  
Committee on Appropriations have until  
midnight, May 16, 1968, to file a privi-  
leged report on the Department of Inter-  
ior and related agencies appropria-  
tion bill for fiscal year 1969.

Mr. McDADE reserved all points of  
order on the bill.

The SPEAKER. Is there objection to  
the request of the gentlewoman from  
Washington?

There was no objection.

## POOR PEOPLE'S MARCH ON WASHINGTON

(Mr. FARSTEIN asked and was  
given permission to address the House  
for 1 minute and to revise and extend  
his remarks and include extraneous matter.)

Mr. FARSTEIN. Mr. Speaker, I would  
like to welcome the Poor People's March  
on Washington to the Nation's Capitol.  
I applaud its leaders for exercising their  
constitutional rights of petition, for ex-  
pressing their grievances eloquently but  
nonviolently. I trust that violent revolutionaries  
will not exploit the peaceful  
protests of the marchers by provoking  
disorder. I implore my colleagues in Con-  
gress, Mr. Speaker, to take the message  
of the Poor People's March to heart—  
for this is a country in which there  
should not be poverty, nor racial injus-  
tice. This Nation is too great and too  
affluent for us not to feed the hungry,  
clothe the naked, and house the home-  
less—in short to take care of the poor in  
our land.

## ANOTHER MERCHANT KILLED IN WASHINGTON

(Mr. ROGERS of Florida asked and  
was given permission to address the  
House for 1 minute and to revise and  
extend his remarks.)

Mr. ROGERS of Florida. Mr. Speaker,

yesterday another merchant was killed  
in his store in the Nation's Capital—the  
fourth such killing in this area in 15 days.

The Mayor is quoted as being critical of  
the merchants associations which have  
taken ads in the local newspapers to call  
for increased protection. The Public  
Safety Director says the increase in  
crime this year is about the same as the  
increase last year—not that that is very  
reassuring, when it means that 894 major  
crimes are committed each week.

Yet neither the Mayor nor the Public  
Safety Director has announced any force-  
ful plan to bring law and order to the  
city of Washington.

There were 122 cases of arson and sus-  
pected arson in Washington in April—  
not counting the 488 cases associated  
with the April 4-8 riot period. There were  
85 such cases during January, February,  
and March, before the riot. The May  
figure will undoubtedly be large judging  
from the cases reported daily in the press.

The crime rate in Washington shows  
a 27.4-percent increase for March 1968  
over March 1967, the month before  
the riot. Robbery increased 46 per-  
cent, burglary 30.6 percent. And these  
figures are for "major" crimes only, and  
do not even include arson or looting or  
vandalism.

I am now informed that policemen al-  
ready overworked trying to combat crime  
are being detached from precincts  
around the city to help handle the prob-  
lems resulting from the March on Wash-  
ington. The effect of this deployment of  
manpower on crime can only be guessed.

Law and order must be restored in  
Washington—now. If the Mayor or Pub-  
lic Safety Director wish to call a 40-per-  
cent increase in robbery "normal," it is  
but further proof of the need for a  
change at city hall.

## PROVIDING FOR CONSIDERATION OF H.R. 3300, COLORADO RIVER BASIN PROJECT

Mr. BOLLING. Mr. Speaker, by direc-  
tion of the Committee on Rules, I call up  
House Resolution 1162 and ask for its im-  
mediate consideration.

The Clerk read the resolution, as  
follows:

H. RES. 1162

*Resolved*, That upon the adoption of this  
resolution it shall be in order to move that  
the House resolve itself into the Committee  
of the Whole House on the State of the  
Union for the consideration of the bill (H.R.  
3300) to authorize the construction, opera-  
tion, and maintenance of the Colorado River  
Basin project, and for other purposes, and all  
points of order against said bill are hereby  
waived. After general debate, which shall be  
confined to the bill and shall continue not  
to exceed four hours, to be equally divided  
and controlled by the chairman and ranking

minority member of the Committee on Interior and Insular Affairs, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider without the intervention of any point of order the amendment in the nature of a substitute recommended by the Committee on Interior and Insular Affairs now printed in the bill, and such substitute shall be considered under the five-minute rule as an original bill and read by titles instead of by sections. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions. After the passage of H.R. 3300, the Committee on Interior and Insular Affairs shall be discharged from the further consideration of the bill S. 1004, and it shall then be in order in the House to move to strike out all after the enacting clause of the said Senate bill and to insert in lieu thereof the provisions contained in H.R. 3300 as passed by the House.

#### CALL OF THE HOUSE

Mr. FARSTEIN. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 139]

Ashley	Gubser	Morse, Mass.
Biester	Gurney	Olsen
Blatnik	Halleck	O'Neill, Mass.
Button	Hardy	Pool
Carter	Hébert	Purcell
Clark	Herlong	Randall
Collier	Holland	Resnick
Davis, Ga.	Karsten	Rosenthal
Derwinski	Kee	Selden
Dorn	Kelly	Teague, Tex.
Flood	Kluczynski	Tenzer
Fraser	Maillard	Wilson,
Frelinghuysen	Montgomery	Charles H.
Griffin	Moore	Young

The SPEAKER. On this rollcall 391 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

#### MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Geisler, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills of the House of the following titles:

On May 11, 1968:

H.R. 2434. An act for the relief of Nora Austin Hendrickson.

On May 13, 1968:

H.R. 13176. An act to amend the acts of February 1, 1826, and February 20, 1833, to authorize the State of Ohio to use the proceeds from the sale of certain lands for educational purposes.

#### AMENDMENT OF TITLE OF S. 2986, TO EXTEND PUBLIC LAW 480

Mr. POAGE. Mr. Speaker, I ask unanimous consent that in the engrossment of the amendment to the Senate bill (S. 2986) to extend Public Law 480, 83d Congress, to which the House agreed yesterday, that the Clerk of the House be authorized and directed to make a conforming amendment to the title of the bill. The title of the Senate bill provided for a 3-year extension of the law, but the House only extended the law until December 31, 1969.

The title should be amended to read as follows: "To extend the Agricultural Trade and Assistance Act of 1954, as amended, and for other purposes."

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. GROSS. Mr. Speaker, reserving the right to object, that means then specifically that it is limited to 1 year?

Mr. POAGE. That is right; it just gets it in the title.

Mr. GROSS. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

#### PROVIDING FOR CONSIDERATION OF H.R. 3300, COLORADO RIVER BASIN PROJECT

The SPEAKER. The gentleman from California, Mr. SISK, is recognized for 1 hour.

Mr. SISK. Mr. Speaker, I yield 30 minutes to the gentleman from California [Mr. SMITH] and pending that I yield myself such time as I may consume.

(Mr. SISK asked and was given permission to revise and extend his remarks.)

Mr. SISK. Mr. Speaker, House Resolution 1162 provides an open rule, waiving points of order, with 4 hours of general debate for consideration of H.R. 3300 authorizing funds for the Colorado River Basin project. The resolution also provides that it shall be in order to consider the committee substitute as an original bill for the purpose of amendment. After passage of H.R. 3300, the Committee on Interior and Insular Affairs shall be discharged from further consideration of S. 1004 and it shall be in order to move to strike out all after the enacting clause of the Senate bill and amend it with the House-passed language. The waiver of points of order was granted due to a transfer of funds in the bill—page 73, beginning on line 25, section 403(c)(2).

H.R. 3300 provides for regional and worldwide water resources planning to remedy the present and prospective critical water situation in the Pacific Southwest, including the entire Colorado River Basin. The Secretary of the Interior, working under general criteria to be established by the Water Resources Council and in consultation with the affected States, is required to conduct worldwide studies to

determine how and where to get additional water supplies for use in the Colorado River Basin and to develop a plan for meeting not only present Colorado River water commitments but future water needs throughout the basin as well. However, he is forbidden to recommend importation from areas of surplus without the approval of the States affected.

Mr. Speaker, I urge the adoption of House Resolution 1162 in order that H.R. 3300 may be considered.

Mr. HALL. Mr. Speaker, will the gentleman yield?

Mr. SISK. I will be happy to yield to the gentleman from Missouri.

Mr. HALL. Mr. Speaker, do we understand from the statement made by the gentleman—and we compliment him on bringing to the Members of the House the reason for the waiving of points of order in the wisdom of the Committee on Rules—that this is the only place in the bill, in the entire bill, for which all points of order are waived?

Mr. SISK. That is my understanding. In fact, it was my original understanding that the request of the chairman of the Committee on Interior and Insular Affairs only went to this section, and that the waiver of points of order applies to that specific section.

Actually, as the resolution is written, I might say in all fairness to my good friend from Missouri, of course, it does indicate that all points of order are waived. But that is the only point, as I understand, that would be subject to such a point of order, due to the transfer of funds.

Mr. HALL. As the gentleman well knows, in the rule that came out of the committee, House Resolution 1162, page 1, after "and for other purposes," on line 7 it says "and all points of order against said bill are hereby waived."

So that, if in the wisdom of the individual Members, we should find other places in the bill to which we wish to submit points of order for a ruling of the Chair, that would be automatically voided by this rule.

As I said in the beginning, I compliment the gentleman, and we had a colloquy on the floor only yesterday wherein we were advised that it is the intent of the Committee on Rules to have definite stipulations for granting points of order, and that they will be portrayed to the Members here on the floor. I say it is timely inasmuch as we have been subjected to six or more such waivers in the last 2 weeks totaling less than 12 such resolutions. I wonder if we might not consider further, where a specific request is asked by the chairman of a committee that the Committee on Rules put in the stipulation on the rule making consideration of the bill in order, at which place in the bill it occurs; so that we do not automatically eliminate the prerogatives of the individually elected Members of the Congress against all other portions of the bill than that which is necessary in the wisdom of the Committee on Rules?





# DIGEST of Congressional Proceedings

## OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE  
WASHINGTON, D. C.  
20250  
OFFICIAL BUSINESS

POSTAGE AND FEES PAID  
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(OR INFORMATION ONLY;  
NOT TO BE QUOTED OR CITED)

Issued June 24, 1968  
For actions of June 21, 1968  
90th-2nd; No. 107

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HIGHLIGHTS: Senate committee reported second supplemental appropriation and Interior appropriation bills. Senate agreed to conference report on revenue-expenditure control bill. Senate committee reported foot-and-mouth disease bill and bill to lease tobacco allotments without clearance. Senate committee reported International Coffee Agreement and bill to prohibit certain cotton imports. Senate committee reported supergrades bill. Senate disagreed to House amendments to Public Law 480 and appointed conferees.

### SENATE

1. TAXATION. Agreed to, 64-16, the conference report on H. R. 15414, the proposed Revenue and Expenditure Control Act of 1968 (pp. S7562-4, S7480-508). For provisions see Digest 106.

During the debate on the conference report Sen. Morse said that tax reform is what the American farmer needs and said that one of the reasons for migration of farmers to urban areas is the effect of what the vertical monopoly development

is doing to American agriculture (pp. S7485-6); and Sen. McGovern said that as much as \$400 million in tax revenues are now escaping because people and corporations are making income on nonfarm operations and are using agriculture as a means of reducing taxable income (pp. S7487-8). Sen. Javits listed ways to accommodate a \$6 billion expenditure cut mentioning "the \$7 billion agricultural program" (p. S7500).

2. BUILDINGS. Conferees were appointed on S. 222, to insure that public buildings financed with Federal funds are so designed and constructed as to be accessible to the physically handicapped (p. S7522). House conferees have not been appointed.
3. COUNTY COMMITTEES. Concurred in House amendments to S. 1028, to extend certain benefits to former employees of county committees (p. S7522). For provisions see Digest 83. This bill will now be sent to the President.
4. FOOD FOR FREEDOM. Conferees were appointed on S. 2986, to extend Public Law 480 for 3 years. House conferees have not been appointed. pp. S7522-3
5. MILITARY CONSTRUCTION. Continued debate on H. R. 16703, the military construction bill, which includes funds for payment of the debt to the Commodity Credit Corp. for foreign currencies used in prior years to construct military family housing overseas. pp. S7509, S7529-55
6. COFFEE. The Foreign Relations Committee reported without reservation the International Coffee Agreement, 1968. p. S7556
7. TRANSPORTATION. Received from the Transportation Department a proposed bill to unify and consolidate the rules for navigation of the waters of the United States; to the Commerce Committee. p. S7555
8. APPROPRIATIONS. The Appropriations Committee reported with amendments H. R. 17754, the Department of the Interior and related agencies appropriation bill (S. Rept. 1275) (p. S7756). A table reflecting the items for the Forest Service is attached to this Digest.  
The Appropriations Committee reported with amendments on June 19 during recess H. R. 17734, the second supplemental appropriation bill, 1968 which includes \$32 million for the school lunch program for fiscal year 1969. The bill also includes items for defense, increased pay costs for Federal employees, and grants to states for public assistance (S. Rept. 1269) (p. S7480). For a table reflecting committee action on the bill see Digest 106.
9. TOBACCO; LANDS, FOOT-AND-MOUTH DISEASE; WORLD FARM CENTER. The Agriculture and Forestry Committee reported the following bills: H. R. 17002, without amendment, to amend the Agricultural Adjustment Act of 1938 to permit the transfer of tobacco allotments by lease without clearance from lienholders (S. Rept. 1270). H. R. 16065, without amendment, to direct the Secretary of Agriculture to release on behalf of the United States conditions in deeds conveying certain lands to Iowa (S. Rept. 1272). H. R. 16451, without amendment, to authorize cooperation with the several governments of Central America in the prevention

But even as he pleaded to The Washington Daily News, "Please, mister, if you put this in your newspaper, don't just put the bad things. Put in all the good things, too," he warned. "If the leaders there don't do something soon this is going to be known as blood city instead of Resurrection City."

He was talking about the city of Martin Luther King, Jr.'s "Dream," where one night this week 17 assaults were reported; where youngsters bum cigarettes and demand money from visitors and reporters; where two ministers were beaten after coming to offer aid; where clothes donated by affluent suburbanites grow mouldy in muddy fields; and where roaming gangs terrorize residents.

The character of the plywood city's population has changed since its inception. Gradually, what was a refuge for the sad-eyed poor is now a shanty-town of strutting youngsters—white and black—wearing both love and hate on their sleeves.

Said Mr. Jackson, "We got a new band of guys in there yesterday and they were like the Blackstone Rangers." "You know, 'We're gonna whip heads.' And this isn't what Resurrection City is for."

"There are rapes, robberies and cuttings every day, and there is nothing we can do about it even when we catch the guys who did it," he said.

"There are about 20 guns in Resurrection City. There are lead pipes, knives and Molotov cocktails in there."

But his efforts to meet with Rev. David Abernathy to talk about the problem failed, Mr. Jackson said, adding that his bosses at the City, the Chief Marshal, Albert Spencer and the Rev. James Orange, "are both fine men. But they just won't allow any camp discipline."

One white man returned from a demonstration march and found his clothing and furniture stolen, and burned his shanty down.

"He was just about ready to cry he felt so bad . . . I guess he was just so frustrated that he had to relieve his feelings."

He said he was ashamed to say it, but only the donations and work from white people were keeping the camp going.

"Almost all the whites here are dedicated but they take a real hard time from the blacks. I just can't understand my black brothers who will take things from the whites and then spit on them."

"I ask some of these guys if they hate whites so much why do they come up here and take things from them. Why don't they stay in Marks, Miss., where the man puts his foot on your back and you dare not move."

It's the residents who get on soapboxes at the City and say "We don't need discipline" who are wrong, Mr. Jackson said. "Hell, man, you can't run a cat show without some kind of discipline, but I just can't get thru to the leaders to tell them this."

"I'm only afraid that one of these days it's going to blow up and in 30 years your grandchildren and mine will only know about the bad things and not the good," he said.

Park Police estimate there have been about 100 violent incidents since the City went up in mid-May, including 20 visitors who have been beaten, robbed or stabbed outside the compound fence. Mr. Jackson calls the figures "very conservative."

[From the Washington (D.C.) Evening Star, June 21, 1968]

#### TIME To Go HOME

When the first of the marching Poor People came to Washington in mid-May they were given a permit to build Resurrection City and to stay there until mid-June. Because of the delay in organizing the march to the Lincoln Memorial, the permit was extended for one week. It expires this Sunday.

There should not be another permit extension. In the five weeks that they have been here, the SCLC members have had ample

opportunity to petition the government for relief of their grievances. And they have won some concessions that are not inconsequential. Meanwhile, Resurrection City has become an obvious health hazard—to its inhabitants and to the rest of the city. And the rising incidence of violence, as exemplified by the disgraceful performance yesterday evening, especially after dark, indicates that the troublemakers are threatening to take control from the march's non-violent leaders.

The Rev. Ralph Abernathy, the SCLC leader, suggested in his remarks during yesterday's demonstration that he intends to stay in Washington, and that he hopes his followers will not leave Resurrection City. Many of them, of course, have already left. Others probably will be gone by Sunday. But if not, if the "city" is still occupied when the permit expires, we think those who remain should be moved out by the authorities and that Resurrection City should be dismantled.

This is not to say that the expiration of the permit need be enforced at the moment the clock strikes the hour. If promising negotiations to evacuate the city are under way, a day or two of delay might be wise. But if it becomes clear—and this is probable—that Mr. Abernathy and his remaining followers are determined for propaganda reasons to insist upon forcible removal, then they should be forcibly removed.

It is up to the President and the District authorities to settle the details of how this should be handled. But if they are forced to grasp this nettle, they should grasp it firmly and without hesitation.

[From the Washington (D.C.) Daily News, June 21, 1968]

#### GUEST EDITORIAL

Let every American, every lover of liberty, every well-wisher to his posterity swear by the blood of the Revolution never to violate in the least particular the laws of the country, and never to tolerate their violation by others. As the patriots of seventy-six did to the support of the Constitution and laws let every American pledge his life, his property, and his sacred honor—let every man remember that to violate the law is to trample on the blood of his father, and to tear the character of his own children's liberty. Let reverence for the laws be breathed by every American mother to the lipsing babe that prattles on her lap; let it be taught in schools, in seminaries, and in colleges; let it be preached from the pulpit, proclaimed in legislative halls, and enforced in courts of justice, and in short, let it become the political religion of the nation."

(From a speech by Abraham Lincoln in Springfield, Ill., Jan. 27, 1837—reprinted on the cover of the May-June, 1968 issue of the Riggs Bank News.)

#### AUTHORITY FOR NATIONAL GALLERY OF ART TO CONSTRUCT BUILDINGS IN THE DISTRICT OF COLUMBIA

Mr. JORDAN of North Carolina. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 3159.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 3159) authorizing the Trustees of the National Gallery of Art to construct a building or buildings on the site bounded by Fourth Street, Pennsylvania Avenue, Third Street, and Madison Drive NW, in the District of Columbia, and making provision for the maintenance thereof, which was, strike out all after the enacting clause, and insert:

That the Trustees of the National Gallery of Art are authorized to construct within the area reserved as a site for future additions by the third sentence of the first section of the joint resolution entitled "Joint Resolution providing for the construction and maintenance of a National Gallery of Art", approved March 24, 1937 (50 Stat. 51; 20 U.S.C. 71 et seq.) one or more buildings to serve as additions to the National Gallery of Art. The cost of constructing any such building shall be paid from trust funds administered by such Trustees. The plans and specifications for any such building shall be approved by the Commission of Fine Arts and the National Capital Planning Commission.

SEC. 2. Any building constructed under authority of the first section of this Act shall, upon completion, be a part of the National Gallery of Art.

SEC. 3. Paragraph (2) of section 9 of the Act entitled "An Act relating to the policing of the buildings and grounds of the Smithsonian Institution and its constituent bureaus", approved October 24, 1951 (65 Stat. 634; 40 U.S.C. 193n et seq.) is amended by inserting "(A)" immediately after "held to extend" and by striking out the period at the end thereof and inserting in lieu thereof a comma and the following: "(B) to the line of the face of the south curb of Pennsylvania Avenue Northwest, between Fourth Street and Third Street Northwest, to the line of the face of the west curb of Third Street Northwest, between Pennsylvania Avenue and Madison Drive Northwest, to the line of the face of the north curb of Madison Drive Northwest, between Third Street and Fourth Street Northwest, and to the line of the face of the east curb of Fourth Street Northwest, between Pennsylvania Avenue and Madison Drive Northwest."

SEC. 4. The Commissioner of the District of Columbia is authorized to transfer to the United States such jurisdiction as the District of Columbia may have over any of the property within the area referred to in the first section of this Act.

SEC. 5. If any public utility (whether privately or publicly owned) located within the area referred to in the first section of this Act is required to be relocated or protected by reason of the construction within such area of any addition to the National Gallery of Art, the cost of such relocation or protection shall be paid from trust funds administered by the Trustees of the National Gallery of Art.

Mr. JORDAN of North Carolina. Mr. President, I move that the Senate concur in the amendment of the House of Representatives.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from North Carolina.

The motion was agreed to.

#### DESIGNATION OF U.S. CUSTOMS HOUSE BUILDING, PROVIDENCE, R.I., AS THE "JOHN E. FOGARTY FEDERAL BUILDING"

Mr. JORDAN of North Carolina. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 3363.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 3363) to designate the U.S. Customs House Building in Providence, R.I., as the "John E. Fogarty Federal Building," which was, strike out all after the enacting clause and insert:

That the United States customhouse, Providence, Rhode Island, shall, from and after the date of enactment of this Act, be known and designated as the "John E. Fogarty Fed-

eral Building". Any reference in a law, map, regulation, document, record, or other paper of the United States to such United States customhouse shall be held to be a reference to the "John E. Fogarty Federal Building".

"And amend the title so as to read: "An act to name the U.S. customhouse, Providence, R.I., the 'John E. Fogarty Federal Building'."

Mr. JORDAN of North Carolina. Mr. President, I move that the Senate concur in the amendment of the House of Representatives.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from North Carolina.

The motion was agreed to.

Mr. PELL. Mr. President, I express my very strong support of this bill honoring our colleague. I am delighted it has passed.

Mr. JORDAN of North Carolina. We thought it was a good bill. We were delighted to get the bill reported.

#### DESIGN OF PUBLIC BUILDINGS RELATING TO ACCESSIBILITY TO THE PHYSICALLY HANDICAPPED

Mr. JORDAN of North Carolina. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 222.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 222) to insure that public buildings financed with Federal funds are so designed and constructed as to be accessible to the physically handicapped, which was, strike out all after the enacting clause, and insert:

That, as used in this Act, the term "building" means any building or facility (other than (A) a residential structure containing less than four dwelling units and (B) any building or facility on a military installation, including any fort, camp, post, naval training station, airfield, proving ground, military supply depot, military school, or any similar facility of the Department of Defense) the intended use for which either will require that such building or facility be accessible to the public, or may result in the employment or residence therein of physical handicapped persons, which building or facility is—

(1) to be constructed or altered by or on behalf of the United States;

(2) to be leased in whole or in part by the United States after the date of enactment of this Act after construction or alteration in accordance with plans and specifications of the United States; or

(3) to be financed in whole or in part by a grant or a loan made by the United States after the date of enactment of this Act if such building or facility is subject to standards for design, construction, or alteration issued under authority of the law authorizing such grant or loan.

SEC. 2. The Administrator of General Services, in consultation with the Secretary of Health, Education, and Welfare, is authorized to prescribe such standards for the design, construction, and alteration of buildings (other than residential structures subject to this Act) as may be necessary to insure that physically handicapped persons will have ready access to, and use of, such buildings.

SEC. 3. The Secretary of Housing and Urban Development, in consultation with the Secretary of Health, Education, and Welfare,

is authorized to prescribe such standards for the design, construction, and alteration of buildings which are residential structures subject to this Act as may be necessary to insure that physically handicapped persons will have ready access to, and use of, such buildings.

SEC. 4. Every building designed, constructed, or altered after the effective date of a standard issued under this Act which is applicable to such building, shall be designed, constructed, or altered in accordance with such standard.

SEC. 5. The Administrator of General Services, with respect to standards issued under section 2 of this Act, and the Secretary of Housing and Urban Development, with respect to standards issued under section 3 of this Act, is authorized—

(1) to modify or waive any such standard, on a case-by-case basis, upon application made by the head of the department, agency, or instrumentality of the United States concerned, and upon a determination by the Administrator or Secretary, as the case may be, that such modification or waiver is clearly necessary, and

(2) to conduct such surveys and investigations as he deems necessary to insure compliance with such standards.

And amend the title so as to read: "An act to insure that certain buildings financed with Federal funds are so designed and constructed as to be accessible to the physically handicapped."

Mr. JORDAN of North Carolina. Mr. President, I move that the Senate disagree to the amendment of the House of Representatives, request a conference with the House of Representatives on the disagreeing votes thereon, and that the Chair appoint conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. RANDOLPH, Mr. JORDAN of North Carolina, Mr. INOUYE, Mr. FONG, and Mr. BOOGES conferees on the part of the Senate.

#### TIMOTHY JOSEPH SHEA AND ELSIE ANNET SHEA

Mr. LONG of Louisiana. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 171.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 171) for the relief of Timothy Joseph Shea and Elsie Annet Shea, which was, strike out all after the enacting clause, and insert:

That notwithstanding the limitations of section 2401 of title 28 of the United States Code or any other statute of limitations, jurisdiction is hereby conferred upon the United States District Court for the Middle District of Florida to hear, determine, and render judgment on the claims of Timothy Joseph Shea and Elsie Annet Shea, of Orlando, Florida, against the United States for personal injuries and damages, including damages to property, suffered incident to the collision of two civil aircraft on or about October 1, 1960, allegedly the result of negligent landing instructions given the pilots of the aircraft by the operators of the Federal air traffic control tower, Herndon Air Port, Orlando, Florida. Nothing in this Act shall be construed as an inference or admission of liability on the part of the United States. The action authorized to be filed by this Act must be filed within one year of the effective date of this Act.

Mr. LONG of Louisiana. Mr. President, the Senate-passed bill would have authorized the Secretary of the Treasury to pay \$2,000 in full satisfaction of all their respective and joint claims against the United States for personal injuries and suffering incurred, as well as damages to their residence and property sustained by Mr. and Mrs. Shea incident to an accident which occurred on October 1, 1960, when two civil aircraft collided near their residence as a result of negligent landing instructions given to the pilot of such aircraft by operators of the Federal air traffic control tower, Herndon Airport, Orlando, Fla.

The House amended the bill to confer jurisdiction upon the U.S. Court for the Middle District of Florida by waiving the statute of limitations in order to make a court determination of the claim on its merits.

I move that the Senate concur in the amendment of the House of Representatives.

The motion was agreed to.

#### AMENDMENT OF TITLE 5, UNITED STATES CODE

Mr. LONG of Louisiana. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 1028.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 1028) to amend title 5, United States Code, to extend certain benefits to former employees of county committees established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act, and for other purposes which were, on page 1, line 3, strike out "section 5534" and insert "section 5334".

On page 2, strike out line 8, and insert:

§ 6312. Accrual and accumulation for former ASCS county office employees Service rendered as an employee of a.

On page 2, line 11, strike out "590(b)" and insert "590h(b)".

On page 3, line 1, after "3502(a)" insert "of title 5, United States Code".

On page 3, after line 16, insert:

SEC. 4. Effective as of the beginning of the first applicable pay period which began on or after October 1, 1967, the per annum (gross) rate of compensation of the position of Superintendent of Garages (House Office Buildings) under the Architect of the Capitol is \$12,540. Such position is subject to the provisions, pertaining to the Office of the Architect of the Capitol, in section 212 of the Federal Salary Act of 1967 (81 Stat. 634; Public Law 90-206), relating to the implementation of salary comparability policy.

Mr. LONG of Louisiana. Mr. President, I move that the Senate agree to the amendments of the House of Representatives.

The motion was agreed to.

#### EXTENSION OF PUBLIC LAW 480

Mr. ELLENDER. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 2986.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 2986) to extend Public Law 480, 83d Congress, for 3 years, and for other purposes, which was, strike out all after the enacting clause, and insert:

That section 103(b) of the Agricultural Trade Development and Assistance Act of 1954 as amended, is amended by striking out the proviso at the end thereof and substituting the following: "Provided, That, except where he determines that it would be inconsistent with the objectives of the Act, the President shall determine the amount of foreign currencies needed for the uses specified in subsections (a), (b), (c), (e), and (h) of section 104, and the agreements for such credit sales shall provide for payment of such amounts in dollars or in foreign currencies upon delivery of the agricultural commodities. Such payment may be considered as an advance payment of the earliest installments."

SEC. 2. Such Act is further amended by deleting the period at the end of subsection (n) of section 103 and inserting in lieu thereof a semicolon and adding new subsections (o), (p), and (q) to section 103 as follows:

"(o) Take steps to assure that the United States obtains a fair share of any increase in commercial purchases of agricultural commodities by the purchasing country;

"(p) Assure convertibility at such uniformly applied exchange rates as shall be agreed upon of up to 50 per centum of the foreign currencies received pursuant to each agreement by sale to United States or purchasing country contractors for payments of wages earned in the development and consummation of works of public improvement in the purchasing country; and

"(q) Assure convertibility of up to 50 per centum of the foreign currencies received pursuant to each agreement by sale to United States importers for the procurement of materials or commodities in the purchasing country."

SEC. 3. Section 104 is amended by deleting the word "and" at the end of subsection (i) and deleting the colon after subsection (j) and inserting in lieu thereof ";" and", and adding the following new subparagraph (k):

"(k) for paying, to the maximum extent practicable, the costs of carrying out programs for the control of rodents, insects, weeds, and other animal or plant pests."

SEC. 4. Section 303 of the Act is amended by striking out the entire section and substituting the following:

"SEC. 303. The Secretary shall, whenever he determines that such action is in the best interest of the United States, and to the maximum extent practicable, sell or exchange agricultural commodities owned by the Commodity Credit Corporation for services, materials, goods, or equipment required in connection with foreign economic and military aid and assistance programs or required in substantial quantities for United States Government offshore programs. He is hereby directed to use every practicable means, in cooperation with other Government agencies, to arrange and make, through private channels, such sales or exchanges or to utilize the authority conferred on him by section 4(h) of the Commodity Credit Corporation Charter Act, as amended, to make such sales or exchanges. In carrying out sales or exchanges authorized by this section, no restrictions shall be placed on the countries of the free world into which surplus agricultural commodities may be sold, except to the extent that the Secretary shall find necessary in order to take reasonable precautions to safeguard usual marketings of the United States and to assure that sales or exchanges under this Act will not unduly disrupt world prices of agricultural commodities or replace cash

sales for dollars. The Secretary shall endeavor to cooperate with other exporting countries in preserving normal patterns of commercial trade with respect to commodities covered by formal multilateral international marketing agreements to which the United States is a party. Agencies of the United States Government procuring such services, materials, goods, or equipment are hereby directed to cooperate with the Secretary in the disposal of agricultural commodities by means of sales or exchange. The Secretary is also directed to assist, through such means as are available to him, farmers' cooperatives in effecting exchange of agricultural commodities in their possession for the above purposes."

SEC. 5. Section 407 of the Act is amended by striking out the entire section and substituting the following:

"SEC. 407. There is hereby established an Advisory Committee composed of the Secretary of State, the Secretary of the Treasury, the Secretary of Agriculture, the Director of the Bureau of the Budget, the Administrator of the Agency for International Development, the chairman and the ranking minority member of both the House Committee on Agriculture and the House Committee on Foreign Affairs, and the chairman and the ranking minority member of both the Senate Committee on Agriculture and Forestry and the Senate Committee on Foreign Relations. The Advisory Committee shall survey the general policies relating to the administration of the Act, including the manner of implementing the self-help provisions, the uses to be made of foreign currencies which accrue in connection with sales for foreign currencies under title I, the amount of currencies to be reserved in sales agreements for loans to private industry under section 104(e), rates of exchange, interest rates, and the terms under which dollar credit sales are made, and shall advise the President with respect thereto. The Advisory Committee shall meet not less than once during each calendar quarter at the call of the Acting Chairman of such Committee who shall preside during each quarter in the following order: The chairman of the House Committee on Agriculture, the chairman of the Senate Committee on Foreign Relations, the chairman of the Senate Committee on Agriculture and Forestry, and the chairman of the House Committee on Foreign Affairs."

SEC. 6. Section 409 is amended by striking out "December 31, 1968" and substituting "December 31, 1969."

SEC. 7. Section 102 of the Act is amended by striking out the period at the end thereof and adding a colon and the following: "Provided, however, That the Commodity Credit Corporation shall not finance the sale and export of agricultural commodities under this Act for any exporter which in the six months immediately preceding the application for such financing has engaged in any sales, trade, or commerce with North Vietnam, or with any resident thereof, or which owns or controls or is affiliated with any company which in in such period has engaged in any such sales, trade, or commerce, or which is owned or controlled by any company or person which in such period has engaged in any such sales, trade, or commerce either directly or through any branch, subsidiary, affiliate, or associated company: Provided further, That such application for financing must be accompanied by a statement in which are listed by name, address and chief executive officers all branches, affiliates, subsidiaries and associated companies, foreign and domestic, in which the applicant has a controlling interest."

And to amend the title so as to read: "An act to extend the Agricultural Trade Development and Assistance Act of 1954, as amended, and for other purposes."

Mr. ELLENDER. Mr. President, I move

that the Senate disagree to the amendment of the House, and request a conference thereon with the House of Representatives, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. ELLENDER, Mr. HOLLAND, Mr. EASTLAND, Mr. TALMADGE, Mr. AIKEN, Mr. YOUNG of North Dakota, and Mr. BOGGS conferees on the part of the Senate.

#### VIETNAM: WHAT OUR POLICY SHOULD BE

Mr. PELL. Mr. President, I rise to discuss a subject which, paradoxically appears to have receded somewhat from the forefront of our attention in recent weeks, and that is the conflict in Vietnam. I say paradoxically because our attention has been seized to a large extent both by a series of remarkable political developments and by a shattering sequence of domestic upheavals, all of which are tied inextricably to the war in Vietnam and which, I believe, result from the great burdens which it has placed on the spirit and substance of our Nation.

It seems almost incredible that this frustrating and inconclusive war with such a tiny and innocuous country, a country or rather, a half country, which has never really jeopardized our national interest in any direct way, should have turned out to be, by all measures, one of the major conflicts of our Nation's history. It is certainly a major conflict in terms of the tragedy to the families of the 18,000 Americans who have laid down their lives over the past 7 years, and it certainly is a major conflict in terms of the more than \$2.5 billion per month—or \$10,000 per second—of our money which is supporting our military effort there. And, it certainly is a major conflict in terms of the unrest it has created at home because of expected domestic programs which have been deferred, or, worse yet, canceled. And, it is equally a major conflict judged in terms of the massive protests abroad it has caused—or judged in terms of the even more important fact of how it has chilled efforts to start to wind up the cold war or achieve detente and peaceful relations with the Soviet Union and Eastern Europe.

So our momentary diversion from the Vietnam war is, indeed, paradoxical. But it is also helpful and fortunate, I believe, because it allows us to put the conflict itself into perspective and to prepare thereby for what may be the long and nervewracking process of negotiating a peace. We all hope and pray that the Paris talks, the result of President Johnson's boldly initiated approach to negotiations of March 31, will be productive and yield palpable results. But we must not expect too much too soon. We must, I believe, remember the long and tedious experience at Panmunjom in Korea, and bear in mind that there are many pressures and many forces on both sides which must be reconciled imaginatively if the discussions at the peace table are to mean anything at all. And, I know if any men can produce results, it will be

our two excellent Ambassadors, Harriman and Vance; but, we must not expect miracles from them.

I might say that it is absolutely essential that the leaders of Communist North Vietnam maintain an equally understanding stance of the internal forces at work in the United States, and that they realize that these forces can have great impact on the negotiations. It would be tragic if the Communist should miscalculate the recent political upheavals within the United States and proceed on the mistaken assumption that we are willing to settle for peace at any price. They should understand that their own escalation of hostilities, particularly through such steps as the bombardment of Saigon, could, in fact, turn the tide of opinion in America to demand an even higher price for our withdrawal.

We, too, must be realistic about the internal forces in the Communist bloc. It appears to be the view of Mao Tse Tung, for example, that the longer the war goes on in Vietnam, the more likely a U.S. defeat. And, even better from his viewpoint, at the same time, the more likely will come the communization of all Vietnam. The final frosting on Mao's cake would be that the Vietnamese would be left too exhausted by the long struggle to resist Peking's domination, despite Vietnam's thousand-year-old hostility to China.

Obviously, Peking views most unfavorably any peace negotiations ending the conflict while there is still something left of Vietnam and, accordingly, will do her best to sabotage them.

This kind of thoughtful analysis has some of the flaws of oversimplicity, to be sure. But it contains enough truth to suggest, I believe, that we should consider very carefully the alternatives still before us. Let us take pains to use those circumstances which can turn events more to our favor, remembering the old adage that true diplomacy is the knack of letting the other fellow have your way.

What, then, are some of the alternatives before us?

One would be to yield to impatience if the peace talks do not go well and escalate the war. We could erase the entire half nation of North Vietnam—which is about the size of the State of Georgia—in a couple of days, if we chose to do so. As Tacitus said, "We made a desert and we called it peace." But, the obvious end result of military escalation, no matter whether done slowly or quickly, will be a vacuum of power in North Vietnam. Such a vacuum would, of necessity, be quickly filled by China, with consequences hurtful to our national interest.

Alternatively, we could simply pick up and go home, leaving the Vietnamese to straighten out their problems. But this is equally unsatisfactory, because unilateral American withdrawal is abhorrent to us as a people and likewise against our national interest as it, too, would create a vacuum—only this time in South Vietnam.

It seems to me that our real job, both from the viewpoint of American national interest—and, incidentally, that of the

world—is simply to avoid a vacuum in either South or North Vietnam, to promote some sort of stabilized government in South Vietnam—and, then to get out.

My own view is that this can best be accomplished through a settlement that reasonably represents the actual political forces in being there: the relatively small Ky right wing on the one hand, the Communist left wing on the other hand, and the very important, large middle ground of neutralists of all complexions. From the standpoint of the unfortunate Vietnamese, such an outcome would probably be preferable, in spite of the obvious risks of a coalition government. It is clearly a course that would permit us to bring back our young men and substantially reduce our expenses. Yet think how far this objective is from our presently stated objective of support for a government that considers all neutralists, much less members of the National Liberation Front, to be traitors.

For instance, just a few weeks ago, the Thieu-Ky government arrested Truong Dinh Dzu, the dovish runnerup in the 1967 presidential elections, because he had dared suggest a coalition government with the National Liberation Front.

I continue to believe in the specifics of the plan I outlined on the Senate floor more than a year ago. Namely, as first steps, we should cease our bombing of the north and hold still—not escalate—our present level of men in the south—steps which some of us have been advocating for several years—and steps which, I am pleased to note, we have begun to take. We must, at the same time, I believe, actively seek assurance either from the North Vietnamese or from some responsible third party, that the North Vietnamese will not increase their level of men in the south, and that they will negotiate in good faith and agree upon a cease-fire and an end of violence.

These actions must be followed by: first, a verified free election, on a broader base than has heretofore been honored, with the right to hold office and the right to vote open to every citizen of South Vietnam; second, in accordance with the principles of self-determination, the internal affairs of South Vietnam, including consideration of reunification and constitutional issues, to be settled by a new South Vietnamese Government resulting from the election; third, agreement in principle to eventual complete American withdrawal of troops, and withdrawal in fact based on completion of arrangements leading to election, replacement by Asian troops, and the withdrawal of North Vietnamese forces; and, fourth, immediate release of all political prisoners, amnesty for any political actions in the past, and right of asylum outside of South Vietnam for any South Vietnamese wishing it.

We must admit, I believe, that we have not been very clear in defining our relationship with the Government of South Vietnam, and that, as a consequence, our involvement has been complicated. A clarification is long overdue, I believe, and one guide for such clarification may come from some of the concepts we use in everyday business relationships.

In the investment business, for example, there is a distinction between a limited and general partnership. A limited partner means that only after all the resources, the full faith and credit, of the general partner have been expended, do the limited partners become liable. And, then these limited partners only become liable to the extent of the capital they have put up, that is, actually invested in the firm.

To my mind, a limited partnership is the relationship our Nation should have toward countries or regions where our real national interests are not vital. I would even go further and concede the expenditures of a limited partner's investment prior to the expenditure of all the resources of the general partners in the partnership, but no further. For example, from having been France's limited partner in Vietnam from 1946 to 1954, we have now taken on the responsibilities of a general partner. At the same time, the erstwhile general partner, France, has completely withdrawn from the partnership. As John Fairbank said of our role in Vietnam.

We are sleeping in the same bed that France slept in even though we dream different dreams.

Actually, the alleged, original purpose of our whole AID program has been that of a limited partner—to help give recipient nations a nudge along the road to a system of reasonable free enterprise and politics, a system that respects human rights and permits freedom of dissent and one whose freedom and enterprise are flowering to such an extent that there is simply no opportunity for the seeds of communism to take hold. But, so often, when we find our original support does not work, we simply increase our investment, make our commitment open-ended, and hope by sheer weight to make it work—until as in Vietnam, we find ourselves the main partners in a full-scale war.

In many of the regions of the world, I believe we should agree that our real American national interests are negligible. And, amongst these regions I would include Southeast Asia, with the possible exception of Malaya with her control of the Straits of Malacca. Yet, because of the increasing extent of our AID programs and our policy of always being willing to raise the ante, we have succeeded in converting what was a modest, limited partnership with France, and then with her successor government in South Vietnam, into a full general partnership, with the full faith and credit of the United States having been pledged to that increasingly unhappy, increasingly ravaged little country with its corrupt, unpopular, and unrepresentational Thieu Ky government. And, when I use the words "corrupt," "unpopular," and "unrepresentational," I use the words advisedly.

I say corrupt because of this proven mishandling of U.S. assistance programs, which led one House investigator last year to assert that our \$200 million commodity import program in Vietnam is nothing short of "political ransom" paid to powerful South Vietnamese commer-





# DIGEST of Congressional Proceedings

## OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE  
WASHINGTON, D. C.  
OFFICIAL BUSINESS

20250

POSTAGE AND FEES PAID  
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(FOR INFORMATION ONLY;  
NOT TO BE QUOTED OR CITED)

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**HIGHLIGHTS:** House passed continuing appropriations resolution. House Rules Committee cleared highway authorization and housing bills. House committee voted to report scenic rivers and nationwide trails bills. Senate committee voted to report road authorization.

### HOUSE

1. APPROPRIATIONS. Conferees were appointed on H. R. 17734, the second supplemental appropriations bill for 1968 (p. H5741). Senate conferees have been appointed.

Passed as reported H. J. Res. 1368, to make continuing appropriations for fiscal year 1969. (pp. H5711-14, H5719, H5720). Rep. Mahon said "This continuing resolution provides that the Government may operate through July 31-- for 1 month. It provides that nothing shall contravene the Revenue and Expenditure Control Act of 1968 which was passed last week. Further, whatever expenditures take place in July under the resolution will have to be charged to the

appropriations eventually made by the Congress, so they may be reduced pursuant to the expenditure reduction legislation. Also, no new starts are permitted in this legislation." (p. H5713)

The Appropriations Committee reported H. R. 18188, the Department of Transportation appropriation bill, 1969 (H. Rept. 1596). p. H5794

Conferees were appointed on H. R. 17354, the Department of Interior and related agencies appropriation bill, 1969 (includes Forest Service) (p. H5714). Senate conferees have been appointed.

Passed, 360-22, with amendments H. R. 18038, the legislative branch appropriation bill, 1969. pp. H5729-41

2. MANPOWER. The Education and Labor Committee reported with amendment H. R. 15045, to extend certain expiring provisions under the Manpower Development and Training Act of 1962, as amended (H. Rept. 1595). p. H5794
3. RESEARCH. Concurred in Senate amendments to H. R. 5404, to amend the National Science Foundation Act of 1950 to make changes and improvements in the organization and operation of the Foundation. The Senate amendments would set up authorization for the National Science Foundation and would give to the Committee on Science and Astronautics the right to review annual requests for authorization legislation (pp. H5715-6). This bill will now be sent to the President.
4. INFORMATION. Concurred in Senate amendments to H. R. 6279, to provide for the collection, compilation, critical evaluation, publication, and sale of standard reference data. Rep. Miller, Calif., stated "by adopting this bill today we are reducing the program almost a million dollars from the amount requested" in the President's budget (p. H5716). This bill will now be sent to the President.
5. PUBLIC LAW 480. Conferees were appointed on S. 2986, to extend Public Law 480 for 3 years (p. H5717). Senate conferees have been appointed.
6. WILDLIFE. Concurred in Senate amendments to H. R. 15979, to amend the Act of August 1, 1958, in order to prevent or minimize injury to fish and wildlife from the use of insecticides, herbicides, fungicides, and pesticides. The bill would "continue the comprehensive continuing study of the effects of pesticides upon fish and wildlife resources...by authorizing annual appropriations under that act not to exceed \$3,500,000 in each of fiscal years 1969, 1970, and 1971" (p. H5742). This bill will now be sent to the President.
7. TECHNICAL SERVICES. The Interstate and Foreign Commerce Committee voted to report (but did not actually report) H. R. 16824, amended, to extend for an additional year the authorization of appropriations under the State Technical Services Act of 1965 (p. D614). Rep. Staggers announced that the committee will have until midnight Fri., June 28, to file the report (p. H5745).
8. SCENIC RIVERS; RECLAMATION; TRAILS; RIVER BASIN. The Interior and Insular Affairs Committee voted to report (but did not actually report) the following bills: a clean bill in lieu of H. R. 8416, to establish a system of national scenic rivers; H. R. 9362, amended, Mountain Park reclamation project; H. R.

istration, I submit a privileged report (Rept. No. 1591) on the resolution (H. Res. 1196) providing for further expenses of conducting studies and investigations authorized by House Resolution 179, and ask for immediate consideration of the resolution.

The Clerk read the resolution, as follows:

## H. RES. 1196

*Resolved*, That for the further expenses of conducting the studies and investigations authorized by H. Res. 179, Ninetieth Congress, incurred by the Committee on Foreign Affairs, acting as a whole or by subcommittee, not to exceed \$75,000, including expenditures for the employment of experts, clerical, stenographic, and other assistance, shall be paid out of the contingent fund of the House on vouchers authorized by such committee or subcommittee, signed by the chairman of the committee, and approved by the Committee on House Administration.

SEC. 2. No part of the funds authorized by this resolution shall be available for expenditures in connection with the study or investigation of any subject which is being investigated for the same purpose by any other committee of the House, and the chairman of the Committee on Foreign Affairs shall furnish the Committee on House Administration information with respect to any study or investigation intended to be financed from such funds.

With the following committee amendments:

On page 1, line 5, delete "\$75,000" and insert in lieu thereof "\$60,000".

On page 2, line 7, add the following:

"SEC. 3. Funds authorized by this resolution shall be expended pursuant to regulations established by the Committee on House Administration under existing law."

The committee amendments were agreed to.

The resolution was agreed to.

A motion to reconsider was laid on the table.

## TO PROVIDE FUNDS FOR THE COMMITTEE ON AGRICULTURE

Mr. FRIEDEL. Mr. Speaker, by direction of the Committee on House Administration, I submit a privileged report (Rept. No. 1592) on the resolution (H. Res. 1198) to provide funds for the Committee on Agriculture, and ask for immediate consideration of the resolution.

The Clerk read the resolution, as follows:

## H. RES. 1198

*Resolved*, That, effective June 1, 1968, the further expenses of conducting the studies and investigations authorized by H. Res. 83, Ninetieth Congress, incurred by the Committee on Agriculture, acting as a whole or by subcommittee, not to exceed an additional \$50,000, including expenditures for the employment of accountants, experts, investigators, attorneys, and clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House, on vouchers authorized by such committee, signed by the chairman of such committee, and approved by the Committee on House Administration.

SEC. 2. The official committee reporters may be used at all hearings, if not otherwise officially engaged.

SEC. 3. No part of the funds authorized by this resolution shall be available for expenditure in connection with the study or investigation of any subject which is being investigated for the same purpose by any other

committee of the House, and the chairman of the Committee on Agriculture shall furnish the Committee on House Administration information with respect to any study or investigation intended to be financed from such funds.

SEC. 4. Funds authorized by this resolution shall be expended pursuant to regulations established by the Committee on House Administration under existing law.

With the following committee amendment:

On page 1, line 5, delete "\$50,000" and insert in lieu thereof "\$40,000".

Mr. HALL. Mr. Speaker, will the gentleman yield?

Mr. FRIEDEL. I am very happy to yield to the gentleman from Missouri.

Mr. HALL. I have a question, Mr. Speaker. Both of these resolutions, House Resolution 1196 and House Resolution 1198, refer to funds being paid by the committees—and I find no objection thereto—"out of the contingent fund of the House." Are these not the same funds that we had to pass a special resolution for on yesterday, allowing them to borrow about \$2.5 million in order to pay for the clerk hire of the House?

Mr. FRIEDEL. What we did last night was out of the contingent funds, and this money will come out of the contingent funds. This is the usual procedure.

Mr. HALL. I know it is the usual procedure, but that is not the answer to my question, and maybe one should not expect it, but if the gentleman's statement is correct that it is the same fund, it is in pretty bad shape. So how can we vote this additional money, even though the committee did a good job of paring down the committee requests, if the fund is "busted," without borrowing more?

Mr. FRIEDEL. Then, it will be put in a supplemental appropriation bill.

Mr. HALL. But the supplemental appropriation bill is not yet law.

Mr. FRIEDEL. That is correct.

Mr. HALL. And there is no indication that it may be law before the using committees will need to begin to use these funds in part, according to the statement in the bills. Is that correct?

Mr. FRIEDEL. That is correct. They have been using the money and this money is to sustain them for the rest of the year.

Mr. LIPSCOMB. Mr. Speaker, will the gentleman yield?

Mr. HALL. I will be glad to yield to gentleman from California if he can clear up whether the contingent fund of the House is the same as that which the Clerk of the House uses to pay the employees of the House.

Mr. LIPSCOMB. The contingency fund had a balance in it and, because the payroll had to be paid, they borrowed from the contingency fund to pay the payroll until the second supplemental was passed, but this is the same fund. However, it has a balance in it.

Mr. HALL. This is not the one that was defunct and for which we had to borrow in order to pay the bills of the Clerk of the House that were expected to come due on July 1, as of last evening. Is that a good statement?

Mr. LIPSCOMB. The fund depleted

was the payroll fund for clerk hire and other expenses and not the contingent fund.

Mr. HALL. Mr. Speaker, I thank the gentleman for that explanation.

The SPEAKER. The question is on the committee amendment.

The committee amendment was agreed to.

The resolution was agreed to.

A motion to reconsider was laid on the table.

## PERMISSION FOR COMMITTEE ON ARMED SERVICES TO SIT DURING GENERAL DEBATE ON MONDAY NEXT

Mr. RIVERS. Mr. Speaker, I ask unanimous consent that the Committee on Armed Services be permitted to sit on Monday, July 1, during general debate.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

## AUTHORIZING THE PRESIDENT TO PROCLAIM AUGUST 11, 1968, AS "FAMILY REUNION DAY"

Mr. ROGERS of Colorado. Mr. Speaker, I ask unanimous consent for the immediate consideration of the joint resolution (S.J. Res. 165), authorizing the President to proclaim August 11, 1968, as "Family Reunion Day."

The Clerk read the title of the Senate joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

The Clerk read the Senate joint resolution as follows:

## S.J. RES. 165

*Resolved by the Senate and House of Representatives of the United States of America in Congress Assembled*, That the President is hereby authorized and requested to issue a proclamation designating August 11, 1968, as "Family Reunion Day", and calling upon the people of the United States to observe such day with appropriate ceremonies and activities.

The Senate joint resolution was ordered to be read a third time, was read a third time, and passed, and a motion to reconsider was laid on the table.

## APPOINTMENT OF CONFEREES ON S. 2986, TO EXTEND PUBLIC LAW 480, 83D CONGRESS

Mr. POAGE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 2986) to extend Public Law 480, 83d Congress, for 3 years, and for other purposes, with House amendments thereto, insist upon the House amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Texas? The Chair hears none, and appoints the following conferees: Messrs. POAGE, GATHINGS, JONES of Missouri, PURCELL, LEAGUE of California, and Mrs. MAY.

## AMERICANS FOR CONSTITUTIONAL ACTION

(Mr. HALEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HALEY. Mr. Speaker, on this date 10 years ago a small group of concerned Americans gathered. Their concern was the future of our Republic with its system of checks and balances—and the continued freedom of those who would inhabit it.

From that meeting a new political force appeared, Americans for Constitutional Action—ACA. Its announced goals—active support of our Constitution and to further its aims by helping those who believed in it seek or retain congressional seats.

Working with persons of both national parties—ACA has steadily increased its assistance to constitutional conservatives through a variety of programs geared to individual use.

Many of us in both Houses have received their biannual Distinguished Service Awards throughout the years offered and value them as a reminder that we have retained our faith in the wisdom of the Constitution.

I am sure that many of my colleagues join me in saluting ACA today for what it has accomplished thus far—for the real help given to so many and the future assistance to all those who will follow.

## TENTH ANNIVERSARY OF AMERICANS FOR CONSTITUTIONAL ACTION

(Mr. ABERNETHY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ABERNETHY. Mr. Speaker, today we are observing an important milestone in our country's political history. A major positive force in American politics is observing its 10th anniversary. Americans for Constitutional Action—ACA—under the inspired leadership of Adm. Ben Moreell, has served and continues to serve its purpose admirably.

Dedicated to promoting responsible, constitutional government, ACA has supported candidates of both parties, awarded recognition to Members of the Congress who have upheld the precepts of constitutional government, and provided a rallying point for responsible opposition to the dangerous trend toward arbitrary, centralized Federal power.

Because of the restrained and reasonable approach of ACA, and the fact that it concentrates its time and energy in supporting candidates and officeholders dedicated to sound, conservative principles rather than in promoting publicity for itself, it is possible that some Americans are unaware of the indispensable work this fine organization is doing.

For this reason, I am taking advantage of this 10th anniversary to publicly salute Americans for Constitutional Action and commend them for the high ideals they stand for and the remarkable achievements they have to their credit.

To the distinguished Americans who serve on the board of trustees, to the

competent and courteous members of the Washington staff, and to the thousands of concerned citizens whose contributions have kept ACA alive and growing, I extend my sincerest congratulations and thanks. Ten years of impressive achievement now lie behind you. In the crucial years of national decision which lie ahead, your role promises to be even more important and even more impressive.

## SUPPORT FOR LYNDON JOHNSON'S PROPOSAL TO LOWER THE VOTING AGE

(Mr. ANNUNZIO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ANNUNZIO. Mr. Speaker, President Johnson has focused the Nation's attention on one of the greatest inequities in our national life—the barriers we have erected between the voting booths and the 18-year-olds who wish to vote.

The President has performed a great service to the Nation by asking Congress to vote a constitutional amendment that will permit tens of thousands of young Americans to have the opportunity of voicing their political convictions by voting for the candidate of their choice.

Our voting laws desperately need revision. For too many years we have allowed outmoded regulations to block the way to young people who have proven their maturity and sound judgment as citizens of this country.

The President has reminded us of the fact that many of these same young people whom we have denied the right to vote are now serving their country on the battlefield in Vietnam. He has reminded us further that many of these same young people are taxpayers, who deserve a voice in how the Government spends their hard-earned money. If our courts and our schools regard the 18- to 21-year-old group as responsible adults, then I think we in Congress should join this cause.

I also think we must realize that this Nation enjoys the benefits of having developed a remarkable mature and knowledgeable youth generation that deserves a more meaningful voice in the Nation's affairs.

I believe we will be a better nation for passing this constitutional amendment. And I join with President Johnson and urge my colleagues to enact it promptly.

## TRIBUTE TO MEMORY OF LAMINE GUEYE OF SENEGAL

(Mr. O'HARA of Illinois asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. O'HARA of Illinois. Mr. Speaker, I should like to pause a moment to pay tribute to the memory of Lamine Gueye, President of the National Assembly of Senegal, who passed away on June 10. Lamine Gueye was born 76 years ago in the French Sudan and lived to become President of the legislative body of an independent Senegal. After receiving a doctorate in law from Paris, President

Gueye engaged in the practice of law but soon entered political life. He served as mayor of the important Senegalese town of St. Louis and also as mayor of Dakar for 16 years. Immediately following the Second World War he was a member of the French National Assembly. In 1960 Mr. Gueye contended with Leopold Sedar Senghor for the Presidency of the Mali Confederation. He lost the election but in a pragmatic, patriotic way that was so typical of him he immediately forgot the rancors of the campaign and loyally served his Chief of State and his country as President of the National Assembly.

We had the pleasure of welcoming him as a leader grantee to the United States in 1965. Madam Gueye also came to our country as a leader grantee in her capacity as a prominent figure in the Senegalese National Red Cross.

It is therefore fitting that we stop to pay tribute today to the memory of this great African statesman and friend of America.

## CORRECTION OF ROLL CALL

Mr. O'HARA of Illinois. Mr. Speaker, on rollcall No. 209 I am erroneously recorded as failing to answer to my name. As a matter of fact, I was on the floor all day long and deep into the night and did answer to my name on rollcall No. 209. Therefore, Mr. Speaker, I ask unanimous consent that the permanent RECORD and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

## PELLY COMMENDS ICC REQUEST FOR TRAIN STUDY

(Mr. PELLY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PELLY. Mr. Speaker, 99 years ago a golden spike was driven into the ground near Ogden, Utah, marking the connection of East-West railroad service. Today, in less than a century, train passenger service is far from golden. In fact, Ogden, Utah, has become known by travelers on the Union Pacific's train No. 6, between Los Angeles and Omaha, Nebr., as the site of a 35-minute dinner break.

This is only one example of hundreds which could be cited of the deterioration of rail passenger service. It is well known to the Nation's train travelers that the Southern Pacific, in its desire to discontinue its New Orleans to Los Angeles train, the Sunset, even eliminated sleeping and eating facilities. Meanwhile, Mr. Speaker, under ICC regulations, even cattle are to be fed and watered every 24 hours; the same provisions do not appear necessary for humans by some passenger train carriers.

So, today I command that part of the Interstate Commerce Commission's recommendation which calls for a study to be made either by Congress or by the Department of Transportation on the need for a national railroad passenger system.





# DIGEST of Congressional Proceedings OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE  
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Issued July 3, 1968  
For actions of July 2, 1968  
90th-2nd; No. 114

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**HIGHLIGHTS:** Both Houses agreed to conference report on second supplemental appropriation bill. House committee reported dairy indemnity, food stamp, and pine-gum price support bills. Conferees agreed to file report on Public Law 480 bill. Senate subcommittee approved grain inspection bill. House debated highway authorization bill. House Rules Committee cleared foreign aid authorization bill.

## HOUSE

1. DAIRY; FOOD STAMP; PINE GUM; ORANGE JUICE. The Agriculture Committee reported without amendment H. R. 17752, to provide indemnity payments to dairy farmers (H. Rept. 1614); H. R. 18249, to amend the Food Stamp Act (H. Rept. 1619); S. 2511, to maintain and improve the income of producers of crude pine gum and stabilize production of crude pine gum (H. Rept. 1620); and S. 3143, to make frozen concentrated orange juice subject to the provisions of the Commodity Exchange Act (H. Rept. 1621). p. H5954

2. RECLAMATION. The Interior and Insular Affairs Committee reported with amendment H. R. 5117, the Palmetto Bend reclamation project (H. Rept. 1610); H. R. 9362, the Mountain Park reclamation project, Okla. (H. Rept. 1611); and S. 6, the first state of the Oahe unit, James division, Missouri River Basin project, S. Dak., (H. Rept. 1612). p. H5954  
The Foreign Affairs Committee voted to report (but did not actually report) S. 660, granting the consent of the Congress to a Great Lakes Basin Compact. p. D634
3. FOREIGN AID. The Rules Committee reported a resolution for the consideration of H. R. 15263, the foreign aid authorization bill. p. H5954
4. PERSONNEL. The Rules Committee reported a resolution for the consideration of H. R. 17682, relating to retirement financing. p. H5954
5. MARITIME PROGRAM. The Merchant Marine and Fisheries Committee reported with amendment H. R. 13940, to provide a new maritime program (H. Rept. 1622). p. H5954
6. ANIMAL DRUGS. Concurred in Senate amendments to H. R. 3639, to amend the Federal Food, Drug, and Cosmetic Act, to consolidate into one place in the law all of the principal provisions of the act which relate to premarketing clearance of new drugs for administration to animals, either directly or in their feed and water. This bill will now be sent to the President. pp. H5899-900
7. HIGHWAYS. Continued debate on H. R. 17134, the highway authorization bill. pp. H5933-44, H5948-53
8. PUBLIC LAW 480. The "Daily Digest" states that the conferees agreed to file a report on S. 2986, to extend the Agricultural Trade Development and Assistance Act. p. D635
9. EDUCATION. The Education and Labor Committee voted to report (but did not actually report) H. R. 15067, the higher education amendments. p. D634
10. TRANSPORTATION. The Public Works Committee voted to report (but did not actually report) S. 2658, limitations on truck weights and widths. p. D635
11. FOREIGN TRADE. Rep. Farbstein proposed the ending of the "most-favored-nation privileges which Poland receives in its trade with the United States." p. H5885
12. FOOD STAMPS. Rep. St. Germain commended the food stamp program and stated we should "authorize adequate appropriations for a long enough period so that the States may plan and implement their programs." pp. H5945-6
- SENATE
13. APPROPRIATIONS. Both Houses agreed to the conference report on H. R. 17734, the

**FISHING—MARITIME PROGRAM**

*Committee on Merchant Marine and Fisheries:* Met in executive session and ordered reported to the House S. 1752, relative to fishing in U.S. waters, and H.R. 13940, amended, to establish a new maritime program.

Prior to the full committee meeting the Subcommittee on Merchant Marine met in executive session and approved for full committee action H.R. 13940, amended.

**GUN CONTROL—INVASION OF PRIVACY**

*Committee on Post Office and Civil Service:* Subcommittee on Postal Operations held a hearing on H.R. 17949, mail order gun control. Testimony was heard from Timothy J. May, General Counsel, Post Office Department, and Henry B. Montague, Chief Postal Inspector.

Subcommittee on Manpower and Civil Service continued hearings on S. 1035, relating to invasion of privacy of Federal employees. Testimony was heard from Senator Ervin.

**TRUCK WEIGHTS AND MEASURES—RIVERS, HARBORS, AND FLOOD CONTROL**

*Committee on Public Works:* Met in executive session and ordered reported to the House S. 2658, amended, truck weights and measures.

Subcommittee on Rivers and Harbors continued hearings on items to be included in the omnibus rivers, harbors, and flood control bill. Testimony was heard from Corps of Engineers witnesses.

**FOREIGN ASSISTANCE**

*Committee on Rules:* Granted an open rule with 3 hours of debate, waiving points of order against the committee amendments on H.R. 15263, Foreign Assistance Act amendments. Testimony was heard from Representatives Morgan and Adair.

**CIVIL SERVICE RETIREMENT**

*Committee on Rules:* Granted an open rule with 1 hour of debate, waiving points of order on H.R. 17682, Civil Service Retirement Act amendments. Testimony was heard from Representatives Daniels, Henderson, Hanley, and James Broyhill.

**FISHERMEN'S PROTECTIVE ACT**

*Committee on Rules:* Granted an open rule, waiving points of order on S. 2269, Fishermen's Protective Act.

**NATIONAL INSTITUTIONAL GRANTS**

*Committee on Science and Astronautics:* Subcommittee on Science, Research, and Development continued hearings on H.R. 875, national institutional grants program. Testimony was heard from a public witness.

**NATIONAL CEMETERIES**

*Committee on Veterans' Affairs:* Met in executive session and ordered reported to the House H.R. 12801, amended, to establish within the Veterans' Administration a national cemeteries system.

**TARIFF AND TRADE**

*Committee on Ways and Means:* Concluded hearings on tariff and trade proposals. Testimony was heard from Representative Rivers and Resident Commissioner of Puerto Rico, Polanco-Abreu.

**Joint Committee Meetings****FOOD FOR FREEDOM**

*Conferees,* in executive session, agreed to file a conference report on the differences between the Senate- and House-passed versions of S. 2986, to extend the Agricultural Trade Development and Assistance Act (P.L. 480). The conferees agreed to continue bilateral barter for strategic commodities, and to extend the program for 2 years.

**BILLS SIGNED BY THE PRESIDENT****New Laws**

(For last listing of public laws, see DIGEST, p. D627, July 1, 1968)

S. 1028, extending certain benefits to employees of the Agricultural Stabilization and Conservation Service. Signed June 29, 1968 (P.L. 90-367).

S.J. Res. 180, to provide franked mail privileges for surviving spouse of Member of Congress for 180 days following his death. Signed June 29, 1968 (P.L. 90-368).

H.R. 10135, providing naturalization for surviving spouses of U.S. military personnel who die while on active duty. Signed June 29, 1968 (P.L. 90-369).

H.R. 17268, to extend the Defense Production Act. Signed July 1, 1968 (P.L. 90-370).

**COMMITTEE MEETINGS FOR WEDNESDAY, JULY 3**

(All meetings are open unless otherwise designated)

**Senate**

*Committee on Agriculture and Forestry*, executive, on committee business, 10 a.m., 324 Old Senate Office Building.

*Committee on Government Operations*, Permanent Subcommittee on Investigations, on riots in American cities, on the administration of certain OEO programs in Chicago, 10 a.m., 3302 New Senate Office Building.

**House**

*Committee on Education and Labor*, full committee, executive, to continue markup of H.R. 15067, higher education amendments, 10 a.m., 2175 Rayburn House Office Building.

*Next meeting of the SENATE*  
9:00 a.m., Wednesday, July 3

General Subcommittee on Labor, executive, to continue consideration of H.R. 5741, Welfare and Pension Plan Protection Act, 9 a.m., 2123 Rayburn House Office Building.

Committee on Interior and Insular Affairs, full committee, to authorize the establishment of Biscayne National Monument in the State of Florida, and H.R. 17787 and H.R. 13099, 9:45 a.m., 1324 Longworth House Office Building.

Committee on the Judiciary, Subcommittee No. 1, to continue review of Immigration Act of October 3, 1965, 10 a.m., 2141 Rayburn House Office Building.

Subcommittee No. 2, executive, to consider pending legislation, 10 a.m., 2226 Rayburn House Office Building.

Committee on Interstate and Foreign Commerce, Subcommittee on Transportation and Aeronautics, executive, to consider

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July 3, 1968

13. FHA LOANS. The Agriculture Committee reported with amendment H.R. 18209, to provide for loans to supplement farm income and to provide for additional recreation loans, extend the period for water and sewer grants prior to completion of a comprehensive plan, increase the amount of unsold insured loans that may be made out of the fund, raise the aggregate annual limits on grants, and remove the annual ceiling on insured loans (H. Rept. 1635). p. H6048
14. TRANSPORTATION; SHIPPING. The Public Works Committee reported with amendment S. 2658, relating to vehicle weight and width limitations on the Interstate System in order to make certain increases in such limitations (H. Rept. 1636). p. H6048  
Rep. Chamberlain stated the volume of free-world-flag ship trade with North Vietnam is "up 60 per cent since the President announced the bombing restrictions...and yet the administration expresses no concern." p. H5959
15. RECLAMATION. The Foreign Affairs Committee reported without amendment S. 660, granting the consent of Congress to a Great Lakes Basin Compact (H. Rept. 1640). p. H6048
16. PUBLIC LAW 480. Received the conference report on S. 2986, to extend Public Law 480, 83rd Congress, for 3 years (H. Rept. 1642). pp. H6034-6
17. ELECTRIFICATION. The Interstate and Foreign Commerce Committee reported with amendment H. R. 12698, to amend the Federal Power Act to clarify the manner in which the licensing authority of the Commission and the right of the United States to take over a project or projects upon or after the expiration of any license shall be exercised (H. Rept. 1643). p. H6048
18. EDUCATION. The Education and Labor Committee was granted until midnight July 6 to file a report on H.R. 15067, the higher education amendments for 1968. p. H5958  
The Education and Labor Committee voted to report (but did not actually report) H.R. 16460, amended, the vocational education amendments. p. D639
19. COOPERATIVES. A subcommittee of the Interstate and Foreign Commerce Committee approved for full committee action S. 752, amended, to amend the Interstate Commerce Act to clarify this exemption with respect to transportation performed by agricultural cooperative associations for nonmembers. p. D639
20. TEXTILES. Rep. Landrum expressed concern over the "future course" of the textile industry and inserted an article "Apparel Makers To Build Abroad." pp. H6041-44
21. LEGISLATIVE PROGRAM. Rep. Albert announced the following program for next week: Mon., the housing bill. Tues. and the balance of the week, the housing bill, and the foreign aid authorization bill. p. H6036
22. ADJOURNED, in accordance with H. Con. Res. 792, until Mon., July 8. p. H6047

EXTENSION OF REMARKS

23. POVERTY. Rep. Berry spoke on poverty on the Indian reservations. p. E6150
24. FLOOD INSURANCE. Rep. Boggs inserted articles on flood damage and spoke on the need for flood insurance. pp. E6150-1
25. FARM PROGRAM. Rep. Arends inserted a letter from the Ill. Agricultural Assoc. on the need for a sound national farm program. pp. E6153-4
26. FOREIGN AID. Rep. Bolling inserted two of Rep. Anderson's, Tenn., letters supporting foreign aid. Rep. Fraser inserted the results of an investigation of our foreign aid in Vietnam, and an article on our foreign aid and the dividends it is beginning to pay. pp. E6159-60, E6176, E6205
27. HUNGER. Rep. Dow inserted an article on the prospect of mass starvation in Biafra. pp. E6160-1
28. CIGARETTES. Rep. Jones denounced the Federal Trade Commission's report on cigarettes. p. E6165
29. OPINION POLLS. Rep. Corbett, Rep. Ford, and Rep. Conte inserted the results of polls taken in their home districts which contained items of interest to this Department. pp. E6166-7, E6172, E6174-5
30. TAXES. Rep. Battin inserted a newsletter to his constituents on the excise tax bill and Rep. Blackburn inserted a press release explaining his position on the revenue-expenditure control package. pp. E6175, E6182
31. WATER. Rep. Edwards inserted an article on why the U.S.'s water supply is failing and Rep. McClure inserted material on water needs in the Snake River Basin. pp. E6194-5, E6197-6201
32. TEXTILES. Rep. St. Onge inserted his statement on the need for protection for the U.S. textile industry. p. E6195

BILLS INTRODUCED

33. TAXATION. H. R. 18327 by Rep. Curtis to amend the Internal Revenue Code of 1954 to increase the credit against tax for retirement income; to the Ways and Means Committee. Remarks of author pp. E6154-5.
34. INFORMATION. H. R. 18331 by Rep. Fuqua, to amend section 4356 of title 39, United States Code, relating to certain mailings of State departments of agriculture; to the Post Office and Civil Service Committee.
35. RECREATION. H. R. 18333 by Rep Kyl, to authorize the Secretary of the Interior to study the feasibility and desirability of establishing an Upper Mississippi Valley National Recreation Area between Wood River, Ill., and Minneapolis, Minn.; to Interior and Insular Affairs Committee.

EXTENSION AND AMENDMENT OF PUBLIC LAW 480,  
83d CONGRESS

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JULY 3, 1968.—Ordered to be printed

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Mr. POAGE, from the committee of conference,  
submitted the following

CONFERENCE REPORT

[To accompany S. 2986]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2986) to extend Public Law 480, 83d Congress, for 3 years, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following: *That section 409 of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by striking out "December 31, 1968" and inserting in lieu thereof "December 31, 1970".*

Sec. 2. (a) Section 104(h) of such Act is amended by inserting before the semicolon at the end thereof the following: ". Not less than 5 per centum of the total sales proceeds received each year shall, if requested by the foreign country, be used for voluntary programs to control population growth".

(b) Section 109(a) of such Act is amended by striking out the word "and" at the end of clauses (7) and (8), changing the period at the end of such subsection to a semicolon, and adding the following:

"(10) carrying out voluntary programs to control population growth."

Sec. 3. Section 104(b)(2) of such Act is amended to read as follows:

"(2) finance with not less than 2 per centum of the total sales proceeds received each year in each country activities to assist international educational and cultural exchange and to provide for the strengthening of the resources of American schools, colleges, uni-

versities, and other public and nonprofit private educational agencies for international studies and research under the programs authorized by title VI of the National Defense Education Act, the Mutual Educational and Cultural Exchange Act of 1961, the International Education Act of 1966, the Higher Education Act of 1965, the Elementary and Secondary Education Act of 1965, the National Foundation on the Arts and the Humanities Act of 1965, and the Public Broadcasting Act of 1967;".

SEC. 4. Section 103(b) of the Agricultural Trade, Development and Assistance Act of 1954, as amended, is amended by striking out the proviso at the end thereof and substituting the following: "Provided, That, except where he determines that it would be inconsistent with the objectives of the Act, the President shall determine the amount of foreign currencies needed for the uses specified in subsections (a), (b), (c), (e), and (h) of section 104, and the agreements for such credit sales shall provide for payment of such amounts in dollars or in foreign currencies upon delivery of the agricultural commodities. Such payment may be considered as an advance payment of the earliest installments."

SEC. 5. Such Act is further amended by deleting the period at the end of subsection (n) of section 103 and inserting in lieu thereof a semicolon and adding new subsections (o), (p), and (q) to section 103 as follows:

"(o) Take steps to assure that the United States obtains a fair share of any increase in commercial purchases of agricultural commodities by the purchasing country;

"(p) Assure convertibility at such uniformly applied exchange rates as shall be agreed upon of up to 50 per centum of the foreign currencies received pursuant to each agreement by sale to United States or purchasing country contractors for payment of wages earned in the development and consummation of works of public improvement in the purchasing country; and

"(q) Assure convertibility of up to 50 per centum of the foreign currencies received pursuant to each agreement by sale to United States importers for the procurement of materials or commodities in the purchasing country."

SEC. 6. Section 104 is amended by deleting the word "and" at the end of subsection (i) and deleting the colon after subsection (j) and inserting in lieu thereof ";" and", and adding the following new subparagraph (k):

"(k) for paying, to the maximum extent practicable, the costs of carrying out programs for the control of rodents, insects, weeds, and other animal or plant pests;"

SEC. 7. Section 303 of the Act is amended by adding at the end thereof the following: "Barter or exchange of agricultural commodities under clause (a) of this section shall be limited to exchange for materials which originate in the country to which the surplus agricultural commodities are exported and to arrangements which will prevent resale or transshipment of the agricultural commodities to other countries."

SEC. 8. Section 407 of the Act is amended by striking out the entire section and substituting the following:

"SEC. 407. There is hereby established an Advisory Committee composed of the Secretary of State, the Secretary of the Treasury, the Secretary of Agriculture, the Director of the Bureau of the Budget, the Administrator of the Agency for International Development, the chairman and the ranking minority member of both the House Committee on Agri-

culture and the House Committee on Foreign Affairs, and the chairman and the ranking minority member of both the Senate Committee on Agriculture and Forestry and the Senate Committee on Foreign Relations. The Advisory Committee shall survey the general policies relating to the administration of the Act, including the manner of implementing the self-help provisions, the uses to be made of foreign currencies which accrue in connection with sales for foreign currencies under title I, the amount of currencies to be reserved in sales agreements for loans to private industry under section 104(e), rates of exchange, interest rates, and the terms under which dollar credit sales are made, and shall advise the President with respect thereto. The Advisory Committee shall meet not less than four times during each calendar year at the call of the Acting Chairman of such Committee who shall preside in the following order: The chairman of the House Committee on Agriculture, the chairman of the Senate Committee on Foreign Relations, the chairman of the Senate Committee on Agriculture and Forestry, and the chairman of the House Committee on Foreign Affairs."

SEC. 9. Section 102 of the Act is amended by striking out the period at the end thereof and adding a colon and the following: "Provided, That the Commodity Credit Corporation shall not finance the sale and export of agricultural commodities under this Act for any exporter which is engaging in, or in the six months immediately preceding the application for such financing has engaged in, any sales, trade, or commerce with North Vietnam, or with any resident thereof, or which owns or controls any company which is engaging in, or in such period has engaged in, any such sales, trade, or commerce, or which is owned or controlled by any company or person which is engaging in, or which in such period has engaged in, any such sales, trade, or commerce either directly or through any branch, subsidiary, affiliate, or associated company: Provided further, That such application for financing must be accompanied by a statement in which are listed by name, address, and chief executive officers all branches, affiliates, subsidiaries and associated companies, foreign and domestic, in which the applicant has a controlling interest and similar information for all companies which either directly or through subsidiaries or otherwise have a controlling interest in the applicant company."

And the House agree to the same. That the Senate recede from its disagreement to the title of the bill and agree to the same.

W. R. POAGE,  
E. C. GATHINGS,  
GRAHAM PURCELL,  
PAGE BELCHER,  
CHARLES M. TEAGUE,  
CATHERINE MAY,

*Managers on the Part of the House.*

ALLEN J. ELLENDER,  
SPESSARD L. HOLLAND,  
JAMES O. EASTLAND,  
HERMAN E. TALMADGE,  
GEORGE D. AIKEN,  
MILTON R. YOUNG,  
J. CALEB BOGGS,

*Managers on the Part of the Senate.*

## STATEMENT OF MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill, S. 2986, to extend Public Law 480, 83d Congress, for 3 years and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report.

The amendment of the House struck out all after the enacting clause of S. 2986 and substituted a new bill which differed from the Senate bill in 11 different provisions. There follows a listing of the substantive differences between the House bill and the Senate bill and the disposition by the conferees:

1. *Length of extension.*—The Senate bill provided for a 3-year extension of titles I and II of the act and the House bill 1 year. The conference substitute provides for a 2-year extension.

2. *Voluntary population control programs.*—The conference substitute contains a provision in the Senate bill which (a) provides that if requested by the host country, not less than 5 percent of total sales proceeds each year shall be used for such programs, and (b) includes "carrying out voluntary programs to control population growth" among the self-help measures to be considered by the President before entering into an agreement.

3. *Educational and cultural exchange.*—The conference substitute contains a provision in the Senate bill which broadens section 104(b)(2) of the act to extend it to all cultural and educational exchanges (instead of just those authorized by the Mutual Educational and Cultural Exchange Act of 1961), and requires at least 2 percent of total sales proceeds each year in each country to be used for such purposes.

4. *Payment of U.S. obligations.*—The conference substitute contains a provision in the House bill which revises the proviso at the end of section 103(b) to make it mandatory (rather than discretionary) for the President to require immediate payment in dollars or foreign currencies of amounts needed for payment of U.S. obligations and for certain other purposes. The conferees feel it is more advantageous for the United States to receive foreign currencies for these specified purposes now than to pay out dollars now and receive dollars later under a dollar credit sale.

5. *Fair share of commercial markets.*—The conference substitute contains a provision in the House bill which requires the President to take steps to assure that the United States obtains a fair share of any increase in commercial purchases of agricultural commodities by the purchasing country. In accepting this amendment the conferees intend that, consistent with U.S. obligations under international agreements, the United States should benefit equitably from the development of new commercial markets in those countries now receiving U.S. food on concessional terms. The conferees intend that this amendment is

designed to assist the United States achieve a growing commercial market for agricultural products as the economies of the respective developing nations advance.

6. *Convertibility of currency in foreign nations.*—The conference substitute contains a provision in the House bill which requires the President to assure convertibility at uniformly applied rates of up to 50 percent of the foreign currencies received pursuant to each agreement by sale to U.S. or purchasing country contractors for payment of wages earned in the development of works of public improvement in the purchasing country.

7. *Convertibility of foreign currency by sale to U.S. importers.*—The conference substitute contains a provision in the House bill which requires the President to assure the convertibility of up to 50 percent of the foreign currencies received pursuant to each agreement by sale to U.S. importers for the procurement of materials or commodities in the purchasing country.

In accepting the House language adding section 103(p) and section 103(q) to the act, the conferees agree that these amendments are intended to assist in improving the U.S. balance of payments within the framework of our obligations and those of recipient countries under international agreements, but not to impair the objectives of Public Law 480 as set forth in its preamble. It is understood that the expression of "up to fifty per centum" is flexible enough to authorize an agreement with no such assurance of convertibility whenever the President shall determine that the allocation of any amount of such currencies would jeopardize the negotiation of agreements of mutual interest to the United States and the purchasing country and therefore impair the objectives of the act.

8. *Rodent, weed, insect, and other plant and animal pest control.*—The conference substitute contains a provision in the House bill which specifically authorizes the use of foreign currencies for rodent, weed, insect, and other plant and animal pest control. The conferees recognize that general authority already exists in the act for this type of activity, but have adopted this provision in an attempt to intensify and improve these efforts.

9. *Barter.*—The House bill proposed to amend section 303 of the act to eliminate barter, except for materials required in connection with foreign aid programs or for offshore construction programs, and thereby eliminate barter for materials to be stored for possible future use or disposition. The Senate bill contained no reference to barter. The conference substitute limits barter under clause (a) of section 303 of the act to exchanges for materials which originate in the country to which the surplus agricultural commodities are exported.

By adopting this amendment it is the intent of the conferees that the barter program administered under clause (a) of section 303 of Public Law 480 be limited to bilateral arrangements between our country and other friendly nations of the world. The conferees do not intend to alter or change the Secretary's barter authority under the Commodity Credit Corporation Charter Act.

In furtherance of effective congressional review of the barter program the conferees request the Secretary of Agriculture to submit to both the House Committee on Agriculture and the Senate Committee on Agriculture and Forestry suitable explanatory materials concerning

barter transactions under consideration and near completion. The conferees feel that this information, submitted in the same manner as is presently done in regard to title I transactions, will be of interest and importance to the Congress.

10. *Advisory committee.*—The House bill contained a provision which would reduce the size of the advisory committee provided by section 407 of the act from 21 to 13 members by removing the second majority and minority members of each of the House Agriculture, Senate Agriculture and Forestry, Senate Foreign Relations, and House Foreign Affairs Committees. It also required quarterly meetings of the advisory committee and would rotate the chairmanship quarterly among the chairmen of the four House and Senate committees. The Senate bill contained no comparable provision. The conference substitute contains the House provision with an amendment to require four meetings each calendar year, rather than one meeting during each calendar quarter.

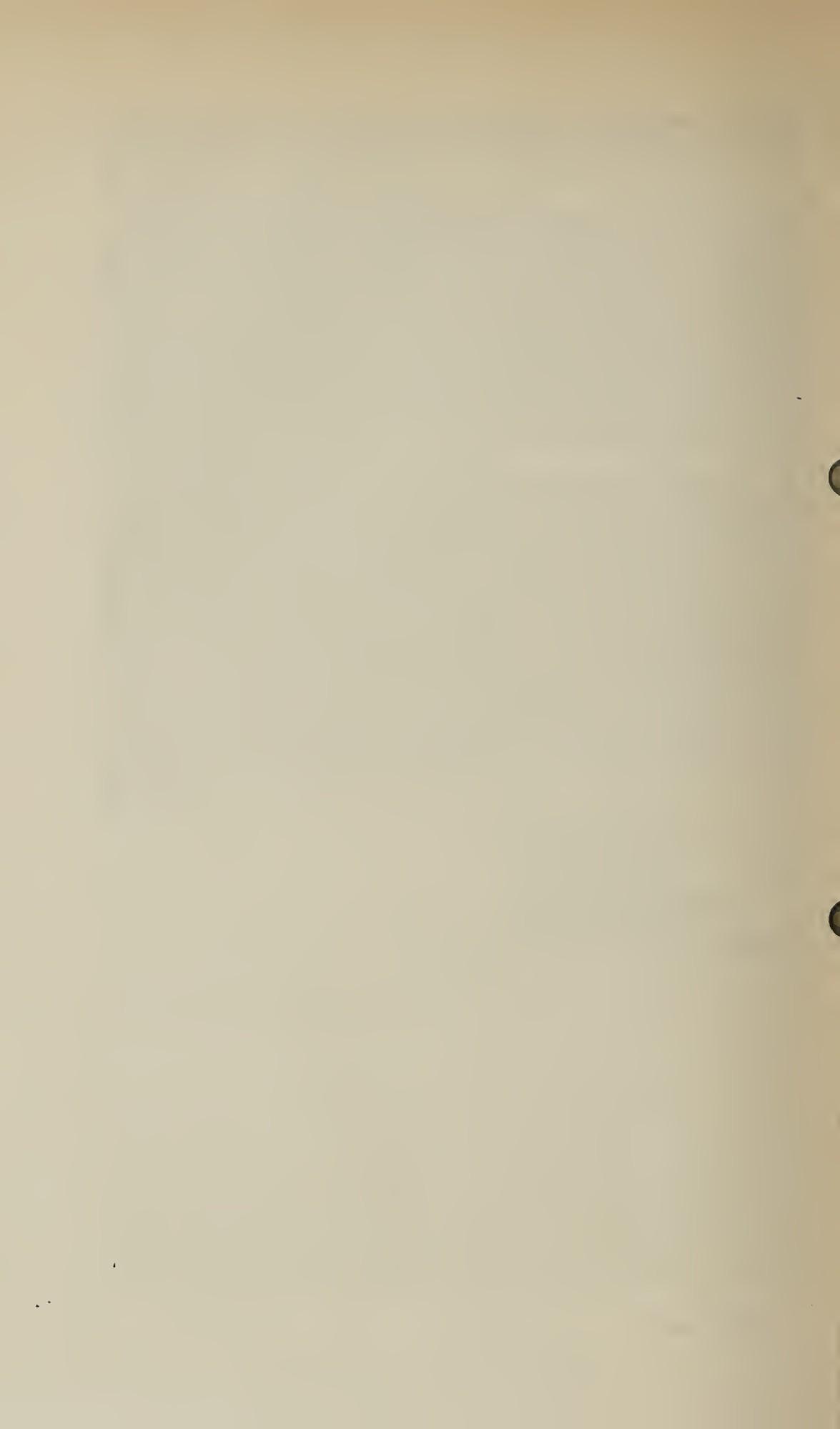
11. *Prohibition against financing exports to persons engaged in commerce with North Vietnam.*—The House bill contained a provision which would prohibit financing exports by any person who engaged in commerce with North Vietnam during a previous 6-month period (including any parent, subsidiary, or affiliate of such person) and require exporters to furnish information as to ownership and control. The Senate bill contained no comparable provision. The conference substitute contains the House provision with amendments to (1) clarify that the prohibition also applies to any exporters presently engaged in commerce with North Vietnam; (2) remove the phrase "or is affiliated with" in order to clearly establish ownership or control as criteria for determining which exporters are carrying on such commerce; and (3) include the parent companies as well as the subsidiaries of applicants in the disclosure requirements of this provision.

W. R. POAGE,  
E. C. GATHINGS,  
GRAHAM PURCELL,  
PAGE BELCHER,  
CHARLES M. TEAGUE,  
CATHERINE MAY,

*Managers on the Part of the House.*







McCulloch  
Machen  
Mahon  
Matsunaga  
Meskill  
Mink  
Moorhead  
Morgan  
Morris, N. Mex.  
Morse, Mass.  
Moss  
Murphy, Ill.  
Natcher  
Nedzi  
O'Hara, Mich.  
O'Konski  
O'Neill, Mass.  
Ottinger  
Patten  
Pelly

Perkins  
Philbin  
Pike  
Pirnie  
Price, Ill.  
Pucinski  
Quie  
Rees  
Rhodes, Pa.  
Riegler  
Robison  
Rodino  
Rogers, Colo.  
Rogers, Fla.  
Ronan  
Rooney, N.Y.  
Rosenthal  
Rostenkowski  
Rumstfeld  
Ryan

Saylor  
Schweiker  
Sisk  
Slack  
Stafford  
Staggers  
Steiger, Wis.  
Sullivan  
Teague, Calif.  
Vanik  
Vigorito  
Whalen  
Widnall  
Wilson,  
Charles H.  
Wright  
Wyatt  
Wyman

## NOT VOTING—211

Abbitt  
Adair  
Addabbo  
Anderson, Ill.  
Anderson,  
Tenn.  
Andrews,  
N. Dak.  
Ashmore  
Ayles  
Baring  
Barrett  
Bates  
Bell  
Berry  
Bingham  
Blackburn  
Blanton  
Boland  
Bolling  
Bow  
Brademas  
Brock  
Brooks  
Broomfield  
Brotzman  
Brown, Calif.  
Brown, Mich.  
Burke, Fla.  
Burton, Utah  
Cabell  
Carey  
Celler  
Chamberlain  
Clawson, Del  
Colmer  
Conyers  
Corbett  
Corman  
Cramer  
Culver  
Cunningham  
Daddario  
Davis, Wis.  
de la Garza  
Delaney  
Dellenback  
Denney  
Dent  
Devine  
Dickinson  
Diggs  
Dorn  
Dow  
Dulski  
Dwyer  
Eckhardt  
Esch  
Evans, Colo.  
Evins, Tenn.  
Fallon  
Farbstein  
Fascell  
Findley  
Fino  
Flood  
Ford,  
William D.  
Fulton, Pa.  
Fulton, Tenn.  
Fuqua  
Gardner

Garmatz  
Gettys  
Gilbert  
Griffiths  
Grover  
Hall  
Halleck  
Hamilton  
Hammer-  
schmidt  
Hanna  
Hansen, Idaho  
Hardy  
Harrison  
Harvey  
Hawkins  
Hays  
Hebert  
Herlong  
Holland  
Hosmer  
Howard  
Hull  
Hungate  
Hutchinson  
Ichord  
Johnson, Calif.  
Jonas  
Jones, Mo.  
Jones, N.C.  
Karsten  
Kastenmeier  
Kazan  
Keith  
Kelly  
King, Calif.  
Kirwan  
Kluczynski  
Kornegay  
Kupferman  
Kuykendall  
Landrum  
Latta  
Leggett  
Lipscomb  
Lloyd  
Long, La.  
Lukens  
McClory  
McCloskey  
McClure  
McFall  
Macdonald,  
Mass.  
MacGregor  
Madden  
Mathias, Calif.  
Mathias, Md.  
Mayne  
Meeds  
Michel  
Miller, Calif.  
Millis  
Minish  
Mize  
Monagan  
Mosher  
Murphy, N.Y.  
Nichols  
NIX  
O'Hara, Ill.

Olsen  
Passman  
Patman  
Pepper  
Petts  
Pickle  
Poage  
Podell  
Poff  
Pollock  
Pool  
Price, Tex.  
Pryor  
Purcell  
Quillen  
Railsback  
Rarick  
Reid, N.Y.  
Reinecke  
Resnick  
Reuss  
Rooney, Pa.  
Roudebush  
Roush  
Roybal  
Ruppe  
St Germain  
St. Onge  
Sandman  
Scheuer  
Schwengel  
Shipley  
Shriver  
Sikes  
Smith, Iowa  
Smith, N.Y.  
Springer  
Stanton  
Steiger, Ariz.  
Stephens  
Stratton  
Stubblefield  
Taft  
Teague, Tex.  
Tenzer  
Thompson, Ga.  
Thompson, N.J.  
Tiernan  
Tuck  
Tunney  
Udall  
Ullman  
Utt  
Van Deerlin  
Vander Jagt  
Waggoner  
Walde  
Walker  
Wampler  
Watkins  
White  
Wiggins  
Willis  
Wilson, Bob  
Winn  
Wolff  
Wydler  
Wylie  
Yates  
Young  
Zablocki  
Zwach

So the motion to recommit was rejected.

Messrs. CONABLE, BYRNES of Wisconsin, FRELINGHUYSEN, and FEIGHAN changed their votes from "yea" to "nay."

Messrs. ABERNETHY and BURLESON and Mrs. MAY changed their votes from "nay" to "yea."

The result of the vote was announced as above recorded.

The doors were opened.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

## INDEPENDENCE DAY AND THE CREW OF THE "PUEBLO"

(Mr. SCHERLE asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. SCHERLE. Mr. Speaker, tomorrow is a day on which we celebrate the anniversary of our Declaration of Independence. It is a day on which Americans gather in cities and towns across the country to remember that time when our forefathers pledged their fortunes and their sacred honor to the proposition that man was meant to be free.

This proposition is no less important today, and today another generation of Americans are making that supreme sacrifice on the faraway battlefield of Vietnam. Eternal vigilance has always been the price of freedom, and in our history thus far, America has maintained that vigilance.

But July 4 also marks the 164th day in which the crew of the U.S.S. *Pueblo* remain in the hands of the North Korean Communist Government. And for these men, the rights and privileges of American citizenship must today seem quite remote.

We have heard no word from these men. We have heard no word from our Government about when they will return. Mrs. Lloyd M. Bucher, the wife of the captain of the *Pueblo* stated that "they—the crew—took an oath as military men—to protect and die for their country. But it is a one-way ticket. The country does not do the same thing."

On the occasion of July 4 we must ask ourselves about the responsibility we have to the 82 American servicemen who are today held prisoners in North Korea. We must ask ourselves how our Government has handled this matter, and we must ask our Government when some action will be taken.

Recent reports have been disturbing and contradictory. On June 12, it was reported from Poznan, Poland, that North Korea displayed photographs of the crew of the *Pueblo* at the Poznan international trade fair, which is supposed to be nonpolitical. The U.S. Consulate protested and asked that the pictures be removed.

On June 20, the State Department disclosed that the United States had made "certain proposals" to North Korea to gain the release of the captured intelligence ship. The press officer, Robert J. McCloskey, declined to give details of the proposals, saying only that they were offered at the last session of United States and North Korean representatives May 28 at Panmunjom.

On June 21, State Department officials denied that the United States has proposed to North Korea that the crew of the U.S.S. *Pueblo* be turned over to the neutral nations' supervisory commission in Korea pending an investigation.

This type of meaningless report is all we now receive from an administration which 5½ months ago said that this act of piracy would not be tolerated and that the American crew should be immediately returned.

Needless to say, we are left confused. The wives, mothers, fathers, and friends of the imprisoned servicemen are also left confused.

One of the latest reports, on June 28, indicates that United States and North Korean negotiators met again to discuss the fate of the captured crewmen but "there was no breakthrough."

There have been 18 sessions between the two sides since the *Pueblo* was captured on January 23. The Americans remain in prison. At this point, there is no indication that our Government has spoken to these men. There is not even any indication that it has requested to speak to these men. When queried on this subject, the response is one of "No comment."

How can we celebrate July 4 and hold our heads high while these Americans languish in Communist prisons? How can we look at our flag, the Statue of Liberty, or any of the various monuments to our Nation's heroes and not feel that our country is Welching on its promise? Has our national honor in 1968 deteriorated to the point where such affronts no longer concern us? Are we indifferent to the fate of these men, or are we dedicated at this time and in this place once again to pledge our fortunes and our sacred honor that they may once again be free?

The American people are concerned and it is the responsibility of our Government to show by both word and deed that it shares this concern. July 4 marks the date on which we initiated this great adventure in self-government. It is a fitting day for rededicating ourselves to those principles and for remembering those brave Americans who are imprisoned as a result of their own faith in a government which they believed would protect them. Let us now restore this faith.

## CAPITAL PUNISHMENT AND FEDERAL LAW

(Mr. WYMAN asked and was given permission to address the House for 1 minute.)

Mr. WYMAN. Mr. Speaker, it is unfortunate that the U.S. Attorney General should publicly urge abolition of capital punishment under Federal law. Such a position is inconsistent with the function and responsibilities of the office of Attorney General and a marked disservice to the cause of law enforcement in these troubled times.

The Attorney General's position would spare from the death penalty such murderers as Presidential assassins, aircraft Exploders, kidnap killers, traitors, saboteurs, deliberate cop killers or deliberate

wife poisoners, and more. For him to describe capital punishment for such offenses as these as "barbarism" is to engage in demagogic at the expense of the law-abiding public. This is a curious role for the Nation's chief law-enforcement officer. Instead of standing firm for deterrents to vicious and deliberate criminal conduct of the most horrible type, he is attempting to weaken Federal laws against crime.

Capital punishment is, more probably than not, a deterrent to most deliberate premeditated murder. At least deliberate murderers should think about paying for their crime with their lives if they do it and if convicted. While the measure of this is incapable of mathematical proof, there is no question but that in our system of law he who deliberately and intentionally takes the life of another with malice aforethought, should know in advance that he will pay for his crime with his life.

Law-abiding citizens are entitled to the continuance of this protection against first degree murder in the arsenal of Federal criminal law. For the U.S. Attorney General to urge its removal is to weaken still further the criminal laws of the land and is a disservice to the cause of law enforcement.

#### A YOUNG AMERICAN'S FAITH IN HER LAND

(Mr. MORSE of Massachusetts asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and to include extraneous matter.)

Mr. MORSE of Massachusetts. Mr. Speaker, a number of days ago, I had lunch with our distinguished and respected colleague, BILL WIDNALL of New Jersey. Over coffee, BILL told me of a letter that he had recently received from his daughter, Mrs. Barbara Williams, a graduate of Middlebury College, who, with her husband—a young officer in the U.S. Army—and their two young children, is now residing in Venezuela.

The press, radio, and television tell us daily of the alienation of American youth, of the rejection by our younger citizens of the values and institutions upon which our Nation was constructed and has prospered. Congressman WIDNALL, at my request, shared his daughter's letter with me, and although some might disagree with some of the points which she makes, it struck me at once as an eloquent statement of a young American's faith in her land. But I think that it is more than that: it is an anguished plea to those of us who have the high responsibility for guiding our country's course to commit ourselves again to the traditional virtues which have given full meaning to the American adventure, and to the noble and majestic standards which have given our Nation strength and vitality for almost two centuries.

In order to share a young American's deep feelings about her country with my colleagues, I insert Mrs. Williams' letter at this point in the RECORD:

MAY 20, 1968.  
DEAR DAD: This is the first letter that I have written to my Congressman.

What is going on in our nation? I have read and read, and listened and talked and cannot find anything for which we Americans can be proud. Please tell me what I can do, as an American who loves her country, to help our nation.

Living overseas is an experience which I have found very enlightening. Recently we have been exposed to increasing doses of overseas Americans who live very well and who do not pay taxes but who very vociferously denounce and criticize everything our country is doing. We are also constantly questioned by Venezuelan acquaintances about what is going on in our nation and what will happen. Many Venezuelan people I know are extremely concerned about our problems. It seems that they like us and want us to be strong but are not interested in siding with weakness.

We have not displayed strength within our nation nor in our foreign dealings. No one has ever respected weakness. I am appalled at the magnitude of the campus problems. I am aghast at the lack of carried out authority by the Administrations. Every child on this earth, be he 5 or 25 or 45, needs a firm discipline of self learned by operating within a sound set of standards. No one can be effective if he is undisciplined. One only learns to take and take and expect more for having done absolutely nothing constructive. It seems to me that most of these troublemakers in our schools and cities are asking for a firm hand and a sense of direction and they would respect such. Just as a small child does not really want his own way all the time.

For many years I have been thinking of having a "Mothers' March on Washington." I have been bothered by many things. One of these is that as the wife of a military man I cannot speak out freely on many subjects. I can vote and I have voted in every election. At this point I do not believe that voting is enough. I want to do more for my country, which I love so dearly.

Tomorrow evening my husband and I will be attending the memorial service for a friend of ours, Lt. Col. Fred Hampton. He was shot down in Vietnam earlier this year, when he was piloting many young Marines into Khe Sanh. This whole plane load of men was lost. For what? It would seem worthwhile to die for the saving of a nation. But to die when we do not have a policy of trying to win! This we wives and mothers do not understand.

I am also sure that if I planned my "Mothers' March on Washington", that I would not be given permission to pitch my tent by the Lincoln Memorial. Where on this earth has our Yankee common sense vanished to?

Dear Congressman of mine, I know I have said enough but yet not enough. I feel so strongly that time is running out and we must all think beyond ourselves to the future and stop this selfish thinking for the moment. Somehow I pray I can find a way to help my country.

Your most loyal and devoted constituent,  
BOBBI.

#### FEDERAL BUREAU OF INVESTIGATION SHOULD BE KEPT APART FROM PARTISAN POLITICS

(Mr. EDWARDS of Alabama asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. EDWARDS of Alabama. Mr. Speaker, operations of the Federal Bureau of Investigation and of its Director

have for many years been kept apart from partisan politics. Yet this year one of the candidates aspiring for the high office of President has chosen to call openly and unashamedly for replacement of the FBI Director, J. Edgar Hoover.

Mr. Hoover is one of the outstanding public servants of this or any other day. His consistent dedication to duty, as acknowledged by leaders of both political parties over a period of many years, is unquestioned.

His insight and wisdom, at times when sophistry penetrates deep into other offices of American Government, will be valued and better understood even in the future than it is today.

His courage and strength of character have become respected in a day when these qualities are perhaps most needed of all others.

J. Edgar Hoover merits the high praise of all Americans. Our country needs him today as much as we have needed him in the past; perhaps more. I know that our people in overwhelming numbers are thankful for his service to America, and join in prayer that it will continue.

#### PERMISSION TO COMMITTEE ON AGRICULTURE TO FILE CONFERENCE REPORT ON S. 2986—TO EXTEND PUBLIC LAW 480

Mr. McMILLAN. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture may have until midnight tonight to file a conference report on S. 2986 to extend Public Law 480.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

#### CONFERENCE REPORT (H. REPT. NO. 1642)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2986) "to extend Public Law 480, Eighty-third Congress, for three years, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"That section 409 of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by striking out 'December 31, 1968' and inserting in lieu thereof 'December 31, 1970'.

"SEC. 2. (a) Section 104(h) of such Act is amended by inserting before the semicolon at the end thereof the following: 'Not less than 5 per centum of the total sales proceeds received each year shall, if requested by the foreign country, be used for voluntary programs to control population growth'.

"(b) Section 109(a) of such Act is amended by striking out the word 'and' at the end of clauses (7) and (8), changing the period at the end of such subsection to a semicolon, and adding the following:

"(10) carrying out voluntary programs to control population growth."

"SEC. 3. Section 104(b)(2) of such Act is amended to read as follows:

"(2) finance with not less than 2 per centum of the total sales proceeds received

each year in each country activities to assist international educational and cultural exchange and to provide for the strengthening of the resources of American schools, colleges, universities, and other public and nonprofit private educational agencies for international studies and research under the programs authorized by title VI of the National Defense Education Act, the Mutual Educational and Cultural Exchange Act of 1961, the International Education Act of 1966, the Higher Education Act of 1965, the Elementary and Secondary Education Act of 1965, the National Foundation on the Arts and Humanities Act of 1965, and the Public Broadcasting Act of 1967.'

"Sec. 4. Section 103(b) of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by striking out the proviso at the end thereof and substituting the following: '*Provided*, That, except where he determines that it would be inconsistent with the objectives of the Act the President shall determine the amount of foreign currencies needed for the uses specified in subsections (a), (b), (c), (e), and (h) of section 104, and the agreements for such credit sales shall provide for payment of such amounts in dollars or in foreign currencies upon delivery of the agricultural commodities. Such payment may be considered as an advance payment of the earliest installments.'

"Sec. 5. Such Act is further amended by deleting the period at the end of subsection (n) of section 103 and inserting in lieu thereof a semicolon and adding new subsections (o), (p), and (q) to section 103 as follows:

"(o) Take steps to assure that the United States obtains a fair share of any increase in commercial purchases of agricultural commodities by the purchasing country;

"(p) Assure convertibility at such uniformly applied exchange rates as shall be agreed upon of up to 50 per centum of the foreign currencies received pursuant to each agreement by sale to United States or purchasing country contractors for payment of wages earned in the development and consummation of works of public improvement in the purchasing country; and

"(q) Assure convertibility of up to 50 per centum of the foreign currencies received pursuant to each agreement by sale to United States importers for the procurement of materials or commodities in the purchasing country."

"Sec. 6. Section 104 is amended by deleting the word 'and' at the end of subsection (i) and deleting the colon after subsection (j) and inserting in lieu thereof 'and', and adding the following new subparagraph (k):

"(k) for paying, to the maximum extent practicable, the cost of carrying out programs for the control of rodents, insects, weeds, and other animal or plant pests."

"Sec. 7. Section 303 of the Act is amended by adding at the end thereof the following: 'Barter or exchange of agricultural commodities under clause (a) of this section shall be limited to exchange for materials which originate in the country to which the surplus agricultural commodities are exported and to arrangements which will prevent resale or transshipment of the agricultural commodities to other countries.'

"Sec. 8. Section 407 of the Act is amended by striking out the entire section and substituting the following:

"Sec. 407. There is hereby established an Advisory Committee composed of the Secretary of State, the Secretary of the Treasury, the Secretary of Agriculture, the Director of the Bureau of the Budget, the Administrator of the Agency for International Development, the chairman and the ranking minority member of both the House Committee on Agriculture and the House Committee on Foreign Affairs, and the chairman and the ranking

minority member of both the Senate Committee on Agriculture and Forestry and the Senate Committee on Foreign Relations. The Advisory Committee shall survey the general policies relating to the administration of the Act, including the manner of implementing the self-help provisions, the uses to be made of foreign currencies which accrue in connection with sales for foreign currencies under title I, the amount of currencies to be reserved in sales agreements for loans to private industry under section 104(e), rates of exchange, interest rates, and the terms under which dollar credit sales are made, and shall advise the President with respect thereto. The Advisory Committee shall meet not less than four times during each calendar year at the call of the Acting Chairman of such Committee who shall preside in the following order: The chairman of the House Committee on Agriculture, the chairman of the Senate Committee on Foreign Relations, the chairman of the Senate Committee on Agriculture and Forestry, and the chairman of the House Committee on Foreign Affairs.'

"Sec. 9. Section 102 of the Act is amended by striking out the period at the end thereof and adding a colon and the following: '*Provided*, That the Commodity Credit Corporation shall not finance the sale and export of agricultural commodities under this Act for any exporter which is engaging in, or in the six months immediately preceding the application for such financing has engaged in, any sales, trade, or commerce with North Vietnam, or with any resident thereof, or which owns or controls any company which is engaging in, or in such period has engaged in, any such sales, trade, or commerce, or which is owned or controlled by any company or person which is engaging in, or which in such period has engaged in, any such sales, trade, or commerce either directly or through any branch, subsidiary, affiliate, or associated company: *Provided further*, That such application for financing must be accompanied by a statement in which are listed by name, address, and chief executive officers all branches, affiliates, subsidiaries and associated companies, foreign and domestic, in which the applicant has a controlling interest and similar information for all companies which either directly or through subsidiaries or otherwise have a controlling interest in the applicant company.'

And the House agree to the same. That the Senate recede from its disagreement to the title of the bill and agree to the same.

W. R. POAGE,  
E. C. GATHINGS,  
GRAHAM PURCELL,  
PAGE BELCHER,  
CHARLES M. TEAGUE,  
CATHERINE MAY,

*Managers on the Part of the House.*

ALLEN J. ELLENDER,  
SPESSARD L. HOLLAND,  
JAMES O. EASTLAND,  
HERMAN E. TALMADGE,  
GEORGE D. AIKEN,  
MILTON R. YOUNG,  
J. CALEB BOOGS,

*Managers on the Part of the Senate.*

#### STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill, S. 2986, to extend Public Law 480, Eighty-third Congress, for three years and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report.

The amendment of the House struck out all after the enacting clause of S. 2986 and substituted a new bill which differed from the Senate bill in eleven different provisions. There follows a listing of the substantive dif-

ferences between the House bill and the Senate bill and the disposition by the conferees:

1. Length of extension: The Senate bill provided for a 3-year extension of Titles I and II of the Act and the House bill one year. The conference substitute provides for a 2-year extension.

2. Voluntary population control programs: The conference substitute contains a provision in the Senate bill which (a) provides that if requested by the host country, not less than 5 percent of total sales proceeds each year shall be used for such programs, and (b) includes "carrying out voluntary programs to control population growth" among the self-help measures to be considered by the President before entering into an agreement.

3. Educational and cultural exchange: The conference substitute contains a provision in the Senate bill which broadens Section 104(b)(2) of the Act to extend it to all cultural and educational exchanges (instead of just those authorized by the Mutual Educational and Cultural Exchange Act of 1961), and requires at least 2 percent of total sales proceeds each year in each country to be used for such purposes.

4. Payment of U.S. obligations: The conference substitute contains a provision in the House bill which revises the proviso at the end of Section 103(b) to make it mandatory (rather than discretionary) for the President to require immediate payment in dollars or foreign currencies of amounts needed for payment of U.S. obligations and for certain other purposes. The conferees feel it is more advantageous for the United States to receive foreign currencies for these specified purposes now than to pay out dollars now and receive dollars later under a dollar credit sale.

5. Fair share of commercial markets: The conference substitute contains a provision in the House bill which requires the President to take steps to assure that the United States obtains a fair share of any increase in commercial purchases of agricultural commodities by the purchasing country. In accepting this amendment the conferees intend that, consistent with U.S. obligations under international agreements, the United States should benefit equitably from the development of new commercial markets in those countries now receiving U.S. food on concessional terms. The conferees intend that this amendment is designed to assist the United States achieve a growing commercial market for agricultural products as the economies of the respective developing nations advance.

6. Convertibility of currency in foreign nations: The conference substitute contains a provision in the House bill which requires the President to assure convertibility at uniformly applied rates of up to 50 percent of the foreign currencies received pursuant to each agreement by sale to U.S. or purchasing country contractors for payment of wages earned in the development of works of public improvement in the purchasing country.

7. Convertibility of foreign currency by sale to U.S. importers: The conference substitute contains a provision in the House bill which requires the President to assure the convertibility of up to 50 percent of the foreign currencies received pursuant to each agreement by sale to U.S. importers for the procurement of materials or commodities in the purchasing country.

In accepting the House language adding Section 103(p) and Section 103(q) to the Act, the conferees agree that these amendments are intended to assist in improving the U.S. balance of payments within the framework of our obligations and those of recipient countries under international agreements, but not to impair the objectives of Public Law 480 as set forth in its preamble. It is understood that the expression of "up to fifty per centum" is flexible enough to

authorize an agreement with no such assurance of convertibility whenever the President shall determine that the allocation of any amount of such currencies would jeopardize the negotiation of agreements of mutual interest to the United States and the purchasing country and therefore impair the objectives of the Act.

8. Rodent, weed, insect, and other plant and animal pest control: The conference substitute contains a provision in the House bill which specifically authorizes the use of foreign currencies for rodent, weed, insect, and other plant and animal pest control. The conferees recognize that general authority already exists in the Act for this type of activity, but have adopted this provision in an attempt to intensify and improve these efforts.

9. Barter: The House bill proposed to amend Section 303 of the Act to eliminate barter, except for materials required in connection with foreign aid programs or for offshore construction programs, and thereby eliminate barter for materials to be stored for possible future use or disposition. The Senate bill contained no reference to barter. The conference substitute limits barter under clause (a) of Section 303 of the Act to exchanges for materials which originate in the country to which the surplus agricultural commodities are exported.

By adopting this amendment it is the intent of the conferees that the barter program administered under clause (a) of section 303 of Public Law 480 be limited to bilateral arrangements between our country and other friendly nations of the world. The conferees do not intend to alter or change the Secretary's barter authority under the Commodity Credit Corporation Charter Act.

In furtherance of effective Congressional review of the barter program the conferees request the Secretary of Agriculture to submit to both the House Committee on Agriculture and the Senate Committee on Agriculture and Forestry suitable explanatory materials concerning barter transactions under consideration and near completion. The conferees feel that this information, submitted in the same manner as is presently done in regard to Title I transactions, will be of interest and importance to the Congress.

10. Advisory committee: The House bill contained a provision which would reduce the size of the advisory committee provided by Section 407 of the Act from 21 to 13 members by removing the second majority and minority members of each of the House Agriculture, Senate Agriculture and Forestry, Senate Foreign Relations, and House Foreign Affairs Committees. It also required quarterly meetings of the advisory committee and would rotate the chairmanship quarterly among the chairmen of the four House and Senate committees. The Senate bill contained no comparable provision. The conference substitute contains the House provision with an amendment to require four meetings each calendar year, rather than one meeting during each calendar quarter.

11. Prohibition against financing exports to persons engaged in commerce with North Vietnam. The House bill contained a provision which would prohibit financing exports by any person who engaged in commerce with North Vietnam during a previous 6-month period (including any parent, subsidiary, or affiliate of such person) and require exporters to furnish information as to ownership and control. The Senate bill contained no comparable provision. The conference substitute contains the House provision with amendments to (1) clarify that the prohibition also applies to any exporters presently engaged in commerce with North Vietnam, (2) remove the phrase "or is affiliated with" in order to clearly establish ownership or control as criteria for determining which exporters are carrying on such commerce, and

(3) include the parent companies as well as the subsidiaries of applicants in the disclosure requirements of this provision.

W. R. FOAGE,  
E. C. GATHINGS,  
GRAHAM PURCELL,  
PAGE BELCHER,  
CHARLES M. TEAGUE,  
CATHERINE MAY,

*Managers on the Part of the House.*

#### LEGISLATIVE PROGRAM FOR NEXT WEEK

(Mr. GERALD R. FORD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GERALD R. FORD. Mr. Speaker, I have requested this time in order to inquire of the distinguished majority leader as to the program for next week.

Mr. ALBERT. Mr. Speaker, will the distinguished gentleman from Michigan yield?

Mr. GERALD R. FORD. I yield to the gentleman from Oklahoma.

Mr. ALBERT. Mr. Speaker, in response to the distinguished minority leader's inquiry, we will adjourn over until Monday, pursuant to the resolution heretofore agreed to.

The program for the House of Representatives for the week of July 8, 1968, is as follows:

Monday is District day. There are two bills scheduled for consideration:

H.R. 16288 to amend the District of Columbia Alcoholic Beverage Control Act to permit certain clubs to hold licenses, and

H.R. 18248 to amend acts of 1955 and 1956 relating to certain common carrier operations in the District of Columbia. Also, H.R. 17989, the Housing and Urban Development Act of 1968 under an open rule with 4 hours of general debate, waiving points of order and general debate on the bill only on Monday.

Mr. Speaker, for Tuesday and the balance of the week the program is as follows:

Continued consideration of H.R. 17989, the Housing and Urban Development Act of 1968;

H.R. 15263, the Foreign Assistance Act of 1968 under an open rule with 3 hours of debate, waiving points of order against the committee amendments;

H.R. 17735, the State Firearms Control Assistance Act of 1968, subject to a rule being granted;

S. 3293, the Defense Procurement Authorization for fiscal year 1969, subject also to a rule being granted;

H.R. 15758, to amend the Public Health Service Act, with an open rule, with 2 hours of debate;

House Joint Resolution 1, creating a Joint Committee To Investigate Crime; and

H.R. 16903, Foreign Service Retirement and Disability Fund Annuities, with an open rule, 1 hour of debate.

Mr. Speaker, this is made subject to the usual reservation that conference reports may be brought up at any time, and any further program may be announced later.

Mr. GERALD R. FORD. I thank the gentleman.

The SPEAKER. The time of the gentleman from Michigan has expired.

#### DISPENSING WITH BUSINESS IN ORDER UNDER THE CALENDAR WEDNESDAY RULE ON WEDNESDAY NEXT

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule may be dispensed with on Wednesday next.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

#### THE 200-BEV. ACCELERATOR

The SPEAKER. Under a previous order of the House, the gentleman from California [Mr. HOLIFIELD] is recognized for 15 minutes.

Mr. HOLIFIELD. Mr. Speaker, I have from time to time over the past several years, reported to the Congress on progress on the planned 200-Bev. accelerator. This accelerator, or atom smasher, would be the most powerful accelerator in the world. Recently my colleague on the Joint Committee and the chairman of the Joint Committee's Subcommittee on Research, Development, and Radiation, MELVIN PRICE, initiated a study of what effect recent congressional appropriations actions would have on the 200-Bev. accelerator project.

As usual, Mr. PRICE has come up with some important points which, if they are not recognized, will result in incurring additional costs and delays in carrying out this project. I ask unanimous consent to include in the RECORD the study which my esteemed colleague, Congressman PRICE, initiated and a copy of his letter which submitted the report and summarized the principal findings to Chairman PASTORE and the Senate and House Appropriations Committees for their use.

CONGRESS OF THE UNITED STATES,  
JOINT COMMITTEE ON ATOMIC ENERGY,

Washington, D.C., June 28, 1968.  
Hon. JOHN O. PASTORE,  
Chairman, Joint Committee on Atomic Energy, U.S. Congress, Washington, D.C.

DEAR MR. CHAIRMAN: As you will recall, when the Public Works-Atomic Energy Commission fiscal year 1969 appropriations bill (H.R. 17903) was considered in the House of Representatives on June 19, 1968, I informed my colleagues that I planned to ask the staff of my Subcommittee on Research, Development, and Radiation to review the probable effects upon the National Accelerator Laboratory of H.R. 17903 as reported by the House Appropriations Committee. I also indicated that the report of the staff would be forwarded for their consideration to my Joint Committee colleagues in the Senate who are members or ex-officio members of the Senate Committee on Appropriations, and to you and the other members of the Subcommittee on Public Works of the House Committee on Appropriations.

The Subcommittee staff has now completed its review. The report thereon, copies of which are enclosed herewith for use by the members of your committee and its staff, is based on detailed discussions with the scientific and engineering staff of the National Accelerator Laboratory. The report stresses the adverse effect on the project of the preclusion of certain limited but critical





# *DIGEST of Congressional Proceedings*

## OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE  
WASHINGTON, D. C. 20250  
OFFICIAL BUSINESS

POSTAGE AND FEES PAID  
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(FOR INFORMATION ONLY;  
NOT TO BE QUOTED OR CITED)

Issued July 15, 1968  
For actions of July 12, 1968  
90th-2nd; No. 120

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HIGHLIGHTS: House agreed to conference report on Public Law 480. Rep. Battin criticized USDA's food distribution program. Sen. Muskie commended SBA aid to potato farmers. Rep. Martin criticized farm program.

### SENATE

1. LANDS. Passed as reported S. 1385, relating to the disposition by the Secretary of the Interior of moneys obtained from the sale of materials from public lands. p. S8546
2. EDUCATION. Began consideration of S. 3769, to amend the Higher Education Act of 1965, the National Defense Education Act of 1958, the National Vocational Student Loan Insurance Act of 1963 and related acts. p. S8572

3. TRADE. Received from the President the Convention on Transit Trade of Land-Locked States; to Foreign Relations Committee. pp. S8546-7
4. SPENDING CUTS. Sen. Williams, Del., criticized proposed curtailment of Saturday mail deliveries. p. S8546
5. DEMONSTRATION CITIES. Sen. Muskie expressed disappointment in the House action to repeal section 204 of the Demonstration Cities and Metropolitan Development Act of 1966 which provides that all applications for Federal assistance for certain physical development projects be accompanied by the comments of an area-wide planning agency. pp. S8549-50
6. ECONOMY. Sen. Proxmire supported Congressional guidelines for monetary policy as a means to promote coordinated effectiveness of national economic policy. pp. S8550-1
7. HUNGER. Sen. Dodd urged the State Department to ask for an emergency session of the UN Security Council to consider the Biafran famine. pp. S8551-6
8. POTATOES. Sen. Muskie commended SBA loans to improve processing techniques of Maine potato farmers. p. S8562
9. LEGISLATIVE PROGRAM. Sen. Mansfield announced that on Mon. the Senate will consider the Higher Education Act and the Vocational Education Act. At the completion of these bills several appropriation bills followed by consideration of the farm bill; and the latter part of the week the public works, the Labor-HEW, and the State-Justice-Commerce appropriation bills will be considered. p. S8544
10. ADJOURNED until Mon., July 15. p. S8572

HOUSE

11. PUBLIC LAW 480. Agreed to the conference report on S. 2986, to extend the Agricultural Trade Development and Assistance Act. pp. H6437-8

On the eleven differences between the Senate and House passed versions the conference report contains the following: Provides for a 2-year extension. Provides that if requested by the host country, not less than 5 percent of total sales proceeds each year shall be used for voluntary population control programs and includes "carrying out voluntary programs to control population growth" among the self-help measures to be considered by the President before entering into an agreement. Extends the cultural and educational exchange provisions to include any activities which would either assist such exchanges or provide for strengthening educational agencies for international studies and research under the Mutual Educational and Cultural Exchange Act of 1961 and a number of additional listed acts, and requires that at least 2% of total sales proceeds received each year in each country be used to finance these educational activities. A provision to make it mandatory (rather than discretionary) for the President to require immediate payment in dollars or foreign currencies of amounts needed for payment of U. S. obligations and for certain other purposes. A provision which requires the President to take steps to assure that the U. S. obtains a

fair share of any increase in commercial purchases of agricultural commodities by the purchasing country. A provision which requires the President to assure convertibility at uniformly applied rates of up to 50 percent of the foreign currencies received pursuant to each agreement by sale to U. S. or purchasing country contractors for payment of wages earned in the development of public improvement in the purchasing country. A provision which requires the President to assure the convertibility of up to 50 percent of the foreign currencies received pursuant to each agreement by sale to U. S. importers for the procurement of materials or commodities in the purchasing country. A provision which specifically authorizes the use of foreign currencies for rodent, weed, insect, and other plant and animal pest control. Limits barter under clause (a) of Section 303 of the Act to exchanges for materials which originate in the country to which the surplus agricultural commodities are exported. (In this connection, the conference report states that the conferees "do not intend to alter or change the Secretary's barter authority under the Commodity Credit Corporation Charter Act" and "in furtherance of effective Congressional review of the barter program the conferees request the Secretary of Agriculture to submit to both the House Committee on Agriculture and the Senate Committee on Agriculture and Forestry suitable explanatory materials concerning barter transactions under consideration and near completion.") A provision which would reduce the size of the advisory committee provided by Section 407 of the Act from 21 to 13 members and require four meetings each calendar year, rather than one each calendar quarter. A provision which would prohibit financing exports by any person who engaged in commerce with North Vietnam during a previous 6-month period, or who is presently engaged in such commerce, including the parent companies as well as the subsidiaries, and require exporters to furnish information as to ownership and control.

12. TRADE FAIRS. The Merchant Marine and Fisheries Committee reported with amendment H. R. 18340, to provide for the continuation of authority to develop American-flag carriers and promote the foreign commerce of the United States through the use of mobile trade fairs (H. Rept. 1713). p. H6513
13. TECHNICAL SERVICES. Passed with amendment S. 3245, to extend the period of authorizations of appropriations under the State Technical Services Act of 1965 for an additional 3 years, \$6.6 million for fiscal year 1969, \$10 million for fiscal year 1970 and \$10 million for fiscal year 1971. H. R. 16824, a similar bill, passed earlier as reported, 320-2, was tabled. pp. H6440-1, H6483-4
14. HEALTH. Passed as reported H. R. 15758, to amend the Public Health Service Act to extend regional medical programs for heart disease, stroke, and cancer, grants for health services for domestic agricultural migratory workers; and grants for construction and operation of facilities for narcotics addicts and alcoholics. pp. H6438, H6441-453
15. WATERSHEDS. Received from the Agriculture Committee approval of plans for works of improvement on several watershed projects. p. H6488

16. INTEREST RATES. Several Reps. debated the pros and cons of the effects of high interest rates on the economic condition of our country. pp. H6494-6
17. HUNGER. Rep. Battin stated USDA's program to distribute food surpluses to the needy "needs a complete overhaul to orient the program to people rather than statistics." pp. H6511-2
18. LEGISLATIVE PROGRAM. Rep. Albert announced the program for this week as follows: Mon. is Consent Calendar Day. The following bills will be brought up under suspension: the Vocational Education Amendments; Public Works authorizations; Redwood National Park; Mountain Park reclamation project, Okla.; the Palmetto Bend reclamation project, Tex.; national trails system; copyright protection; dairy indemnity; Great Lakes Basin Compact; James Division, Missouri River Basin project, S. Dak.; national scenic rivers; co-op tax exemption; Commission on Hunger; mobile trade fairs and frozen concentrated orange juice. For Tues. and the balance of the week foreign aid authorization; the Higher Education Amendments; supergrades; and importation of endangered species of wildlife; pp. H6488-9
19. ADJOURNED until Mon., July 15. pp. H6489, H6513

EXTENSION OF REMARKS

20. RECREATION. Sen. Javits inserted an article on the importance of recreation areas in an age of unrest. pp. E6403-4  
Rep. Keith inserted an article on the Cape Cod National Seashore which points out the problem of recreation needs versus conservation needs. pp. E6492-3
21. TAXES. Rep. Rosenthal inserted an article by former Senator Paul H. Douglas on the problem of tax loopholes. pp. E6409-13
22. REPORTS. Reps. Scott and Wyman inserted newsletters to their constituents containing items of interest to this department. pp. E6418-19, E6490-1  
Reps. Miller, Brown (Calif.), and Johnson inserted the results of opinion polls in their districts which contained items of interest to this department. pp. E6455, E6459-61, E6486-88
23. PERSONNEL. Rep. Blackburn inserted his testimony concerning recognition and bargaining with Government employees unions. pp. E6422-3
24. POOR PEOPLE. Sen. Thurmond criticized costs to taxpayees of the Poor People's Campaign including cost to this Department, and inserted articles on this subject. pp. E6426-7
25. HOUSING. Reps. Blackburn, Pollock, and Philbin spoke in support of the proposed Housing and Urban Development Act of 1968. pp. E6429-30, E6450-1, E6489-90
26. FOREST PRODUCTS. Rep. Johnson inserted an article on the need for export restrictions on national forest timber in northern Calif. pp. E6437-8

# House of Representatives

FRIDAY, JULY 12, 1968

The House met at 11 o'clock a.m.  
The Chaplain, Rev. Edward G. Latch,  
D.D., offered the following prayer:  
*Continue steadfastly in prayer.—  
Colossians 4: 2.*

O Lord, our God, who knowest the problems that perplex us, the trials that trouble us, and the happenings that harass us, grant unto us the royalty of an inward happiness and the serenity of mind which comes from living close to Thee. Do Thou dwell in the heart of every one of us that we may have joy in living, courage for life, and enthusiasm for our country.

In our relations to others may we be persistent in patience, loyal in love, gentle in our goodness, and good in our gentleness. In our contacts with other nations may we be strong in spirit, generous in heart, and ready to help those who are willing to help themselves.

Before all the people on this planet may we have the confidence to stand for what is right and good for all. Thus may our deeds in private and our duties in public measure up to our devotion in prayer.

In the name of Him who took time to pray, we pray. Amen.

## THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

## MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 3400. An act to amend the Federal Aviation Act of 1958 to require aircraft noise abatement regulations, and for other purposes.

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 14935. An act to amend title 39, United States Code, to regulate the mailing of master keys for motor vehicle ignition switches, and for other purposes; and

H.R. 15794. An act to provide for U.S. standards and a national inspection system for grain, and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 16703) entitled "An act to authorize certain construction at military installations, and for other purposes."

The message also announced that the Senate had passed bills and a joint resolution of the following titles, in which

the concurrence of the House is requested:

S. 356. An act to permit the establishment and operation of certain branch offices by the Michigan National Bank, Lansing, Mich.;

S. 3065. An act to amend the Federal Trade Commission Act, as amended, by providing for preliminary injunctions for certain violations of that act; and

S.J. Res. 130. Joint resolution to authorize and direct the Federal Trade Commission to conduct a comprehensive investigation of unfair methods of competition and unfair or deceptive acts or practices in the home improvement industry, to expand its enforcement activities in this area, and for other purposes.

## PERMITTING THE UNIFORM OR BADGE OF THE LETTER-CARRIER BRANCH OF THE POSTAL SERVICE TO BE WORN IN THEATRICAL AND OTHER PRODUCTIONS UNDER CERTAIN CIRCUMSTANCES

Mr. ASHMORE. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 10773) to amend section 1730 of title 18, United States Code, to permit the uniform or badge of the letter-carrier branch of the postal service to be worn in theatrical, television, or motion-picture productions under certain circumstances, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, line 1, strike out "postal service" and insert "Postal Service."

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

## MAURITZ A. STERNER

Mr. ASHMORE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 3865) for the relief of Mauritz A. Sterner, with a Senate amendment thereto, disagree to the Senate amendment, and request a conference with the Senate thereon.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina? The Chair hears none, and appoints the following conferees: Messrs. ASHMORE, HUNGATE, and SMITH of New York.

## USE OF THE MAILED TO OBTAIN MONEY OR PROPERTY UNDER FALSE REPRESENTATIONS

Mr. NIX. Mr. Speaker, I ask unanimous consent to take from the Speaker's

table the bill (H.R. 1411) to amend title 39, United States Code, with respect to use of the mails to obtain money or property under false representations, and for other purposes, with Senate amendments thereto, and disagree to the Senate amendments.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

Mr. GROSS. Mr. Speaker, reserving the right to object, is this the mail fraud bill that was passed by the House and sent to the Senate and to which was added the supergrades provision?

Mr. NIX. The gentleman is correct. This is the bill we passed in the House and to which was added the supergrades provision in the Senate.

Mr. GROSS. And is it the purpose of the gentleman from Pennsylvania to, in effect, send the bill back to the Senate without approval of the supergrade proposal?

Mr. NIX. The proposal is to disagree to the Senate amendment and send it back. I am informed that is agreeable to all persons concerned.

Mr. GROSS. Yes.

Mr. NIX. They have abandoned their effort to superimpose the supergrades on our legislation.

Mr. GROSS. That is on the ground that the supergrade provision is not germane to the subject matter of the bill which the House originally approved. Is that correct?

Mr. NIX. The gentleman is quite correct. I might add further that legislation has already been approved by the Senate to cover the supergrades.

Mr. GROSS. That is correct. I thank the gentleman.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

## EXTENSION AND AMENDMENT OF PUBLIC LAW 480, 83D CONGRESS—CONFERENCE REPORT

Mr. POAGE. Mr. Speaker, I call up the conference report on the bill (S. 2986) to extend Public Law 480, 83d Congress, for 3 years, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of July 3, 1968.)

Mr. POAGE (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The conference report was agreed to.

A motion to reconsider was laid on the table.

~~PROVIDING FOR CONSIDERATION OF H.R. 15758, GRANTS FOR REGIONAL MEDICAL PROGRAMS, HEALTH OF AGRICULTURAL MIGRANT WORKERS, AND ALCOHOLIC AND NARCOTIC REHABILITATION FACILITIES~~

Mr. DELANEY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1235 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 1235

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 15758) to amend the Public Health Service Act so as to extend and improve the provisions relating to regional medical programs, to extend the authorization of grants for health of migratory agricultural workers, to provide for specialized facilities for alcoholics and narcotic addicts, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Interstate and Foreign Commerce now printed in the bill, and such substitute for the purpose of amendment shall be considered under the five-minute rule as an original bill. At the conclusion of such consideration, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER. The gentleman from New York is recognized for 1 hour.

Mr. DELANEY. Mr. Speaker, I yield 30 minutes to the gentleman from California [Mr. SMITH], pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1235 provides an open rule with 2 hours of general debate for consideration of H.R. 15758 to amend the Public Health Service Act so as to extend and improve the provisions relating to regional medical programs, to extend the authorization of grants for health of migratory agricultural workers, to provide for specialized

facilities for alcoholics and narcotic addicts, and for other purposes. The resolution also provides that it shall be in order to consider the committee substitute as an original bill for the purpose of amendment.

H.R. 15758 provides for extending three existing programs. It would extend for 2 additional years the authority for appropriations for regional medical programs for heart disease, stroke, cancer, and related diseases. It would extend for 2 years the program of grants for health services for domestic agricultural migratory workers. It would provide for a 2-year continuation, with revisions, of the existing program of grants for construction and staffing of facilities for rehabilitation of narcotics addicts; and would provide for matching grants for construction and staffing of facilities for treatment of alcoholics.

Mr. Speaker, I urge the adoption of House Resolution 1235 in order that H.R. 15758 may be considered.

Mr. SMITH of California. Mr. Speaker, I yield myself such time as I may consume.

(Mr. SMITH of California asked and was given permission to revise and extend his remarks.)

Mr. SMITH of California. Mr. Speaker, first may I concur in the statements made by the distinguished gentleman from New York and associate myself with them, in the explanation of the rule.

In addition, Mr. Speaker, may I add that the purpose of the bill is to extend for 2 additional years fiscal 1969 and 1970—the regional medical health programs for heart disease, cancer, and stroke; to extend for 2 years the medical assistance program for migratory farm workers; and to extend for 2 years and expand the program for assistance to narcotic addicts and alcoholics.

The administration's bill had called for a 5-year program. The committee reduced this to 2 years. The administration bill called for \$1,134,000,000 over this period. The reported bill contains authorizations which are \$15 million below the administration's request for 1969 and \$43 million below the request for 1970.

Title I contains the regional medical programs—extended for a 2-year period and \$150 million in authorizations are provided—\$50,000,000 for 1969 and \$100,000,000 for 1970. Additionally, there are some \$30,900,000 in carryover funds available for use in 1969. Regional research programs are underway all across the country to develop and maintain higher health standards. Programs of research into the diseases of cancer, stroke, and other heart diseases are funded under the program. New methods, drugs, and techniques are studied and developed.

Title II contains the programs for medical assistance to migratory agricultural workers. The program is authorized at \$9 million for 1969 and \$12 million for 1970. The program seeks to reach the estimated 1 million workers and their dependents who move about the rural areas harvesting the crops. Because they move, their opportunity for regular medical care is limited. Under the program, grants are made to States, local communities, and nonprofit agencies to pay part

of the medical costs of migrant worker health services. Some 300,000 of the eligible workers and dependents have been reached by the program in its first years. The increased authorizations should increase the coverage.

Title III contains the expanded programs for assistance for narcotic addicts and alcoholics. The narcotic addict assistance programs are funded for 1969 at \$8 million and \$10 million for 1970. Construction grants are authorized for treatment facilities, two-thirds to be the Federal share on an individual project. Grants are also available for personnel costs.

The authorizations for the alcoholic treatment programs are funded at \$7,000,000 for 1969 and \$15,000,000 for 1970. Again construction grants are authorized, the Federal share of an individual project to be two-thirds. Also authorized are grants, over a period of 4½ years, for personnel costs in operating the facilities.

Under both programs contained in title III, funds appropriated but not used in 1969 will remain available in 1970.

HEW, the Treasury and the Department of Agriculture support passage of the bill.

The gentleman from Maine [Mr. KYROS] has filed additional views. He supports the bill but will offer an amendment to return the cuts made: \$15,000,000 for 1969 and \$43,000,000 for 1970. He believes them to be false economies.

Mr. Speaker, I know of no objection to the rule, and I urge its adoption.

~~AMENDMENT OFFERED BY MR. DELANEY~~

Mr. DELANEY. Mr. Speaker, I offer an amendment to the resolution.

The Clerk read as follows:

Amendment offered by Mr. DELANEY: On page 1, lines 5 and 7, change the word "extend" to "extend".

Mr. DELANEY. Mr. Speaker, these are merely corrections as to the spelling in the resolution.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. DELANEY. Yes. I yield to the gentleman.

Mr. GROSS. These are amendments to the rule only?

Mr. DELANEY. That is correct.

The amendment was agreed to.

The resolution was agreed to.

A motion to reconsider was laid on the table.

~~PROVIDING FOR CONSIDERATION OF H.R. 14096, INCREASING PENALTIES FOR UNLAWFUL ACTS INVOLVING LSD AND OTHER DRUGS.~~

Mr. DELANEY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1225 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 1225

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 14096) to amend the Federal Food, Drug, and Cosmetic Act to prescribe penalties for





# **DIGEST of Congressional Proceedings**

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE  
WASHINGTON, D.C.  
OFFICIAL BUSINESS

POSTAGE AND FEES PAID  
U.S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
'FOR INFORMATION ONLY;  
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Issued July 16, 1968  
For actions of July 15, 1968  
90th-2nd; No. 121

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HIGHLIGHTS: Senate agreed to conference report on Public Law 480. House debated Redwood National Park bill. Sen. Javits submitted school lunch and breakfast bills as amendment to education bill.

## SENATE

1. APPROPRIATIONS. The Appropriations Committee reported with amendments H. R. 17903, the public works and atomic energy appropriation bill, 1969 (S. Rept. 1405). p. S8576

2. EDUCATION. Began consideration of H. R. 18366, to amend the Vocational Education Act of 1963 (pp. S8682-713, S8719-23, S8729-32). Agreed to a motion to substitute the language of S. 3770, a companion bill (p. S8682). Sen. Javits submitted the school lunch and school breakfast bills as an amendment (pp. S8704-13). By unanimous-consent it was agreed that at conclusion of routine morning business on Wed., July 17, debate will be equally divided between Sens. Javits and Ellender (p. S8730).

Passed, 83-0, with amendments S. 3769, the proposed Higher Education Act Amendments of 1968. pp. S8637-82

3. PUBLIC LAW 480; FOOD FOR FREEDOM. Agreed to the conference report on S. 2986, to extend the Agricultural Trade Development and Assistance Act (p. S8637). For provisions of the conference report see Digest 120. This bill will now be sent to the President.

4. RECLAMATION. Conferees were appointed on S. 1004, to authorize the construction, operation, and maintenance of the Colorado River Basin project (pp. S8724-29). House conferees have not been appointed.

5. OCEANOGRAPHY. H. R. 13781, the sea grant college proposal, was referred to the Labor and Public Welfare Committee and the committee instructed to report the bill to the Senate before the close of business on Wed., July 17. p. S8719

6. TRADE FAIRS. Received from Commerce a report of activities under the Mobile Trade Fairs Act, for the fiscal year 1967. p. S8575

7. FISHERIES. Received from Interior a proposed bill to extend the provisions of the Commercial Fisheries Research and Development Act of 1964; to the Commerce Committee. p. S8576

8. MANPOWER. Sen. Murphy submitted an amendment to S. 2938 which would authorize a 2-year program of grants to the States, with the Federal Government providing not to exceed 75 percent of the cost of the State's supplement efforts and activities, under the Manpower Development and Training Act of 1962. p. S8608-11

9. EMPLOYMENT. Sen. Javits reported that New York State has increased maximum weekly workman's compensation and disability benefits effective July 1, 1968, in support of his amendment to the occupational health and safety bill. pp. S8613-4

10. RURAL MAIL. Sen. Hollings stated that the post office "should be exempt from the employment limitation in the new tax law" and pointed out that not many Senators want to see rural mail service decimated. p. S8618

11. HUNGER. Sen. Proxmire asked for immediate ratification of the Human Rights Conventions so that the U. S. can formally go on record concerning the international guarantees of human rights to aid the starving in Biafra. p. S8420

12. CONSERVATION. Sen. Metcalf praised the President's signing into law the bill to provide new sources of revenue for the land and water conservation fund. p. S8636

thorize up to \$20 million for these services in fiscal 1969, and up to \$40 million in fiscal 1970. These funds will not be used to duplicate welfare services available from other sources—Federal, State, local, or private. They will help make them more available at places and times when needed. In doing so, they will help make low-cost housing which is of good physical design into better managed housing that provides better living conditions.

It is most unfortunate that the House voted to cut the funds for this program. I urge the conferees to restore those cuts. The need for these services is unquestioned. Our poor residents in public housing need every encouragement and assistance possible from management, and they must know what programs and services are available to them from other sources, and how to obtain them. Low-income families of all ages and sizes, including the elderly, would benefit directly by the enactment of this program. The end product would be better communities and better lives for all our citizens.

#### CONCLUSION OF MORNING BUSINESS

Mr. BYRD of West Virginia. Mr. President, is there further morning business?

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

#### EXTENSION OF PUBLIC LAW 480—CONFERENCE REPORT

Mr. ELLENDER. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2986) to extend Public Law 480, 83d Congress, for 3 years, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of July 3, 1968, pp. H6034, H6035, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. ELLENDER. Mr. President, the conference committee of Senate and House Members on the extension of Public Law 480 resolved their differences on Wednesday, July 3, 1968, in a manner entirely satisfactory to Senate conferees.

The Senate bill passed earlier this year provided for a 3-year extension. The House bill, on the other hand, provided only for a 1-year program. The conferees agreed on a 2-year extension to December 31, 1971.

The authorization was not in conference and remains at not in excess of \$1.9 billion per year for title I and not more than \$600 million for title II, plus carry-over for both titles. In calendar year 1967 sales agreements under title I were signed valued at \$639.9 million, while

donations under title II are valued at \$479.3 million.

In addition to the above stated difference, the Senate version contained two amendments while the House bill contained eight entirely different amendments. All amendments were accepted by the conference committee with slight modifications in three of the House amendments.

One of the Senate amendments would have encouraged voluntary population control programs by providing that if requested by the recipient country, not less than 5 percent of total sales proceeds each year shall be used for such programs. Also, the carrying out of voluntary programs to control population growth was added to the several self-help measures which are considered by the President before entering into agreements with foreign countries.

The second Senate amendment broadened existing use of foreign currencies to extend it to all cultural and educational exchange programs instead of just those authorized by the Mutual Educational and Cultural Exchange Act of 1961; and required at least 2 percent of total sales proceeds each year in each country to be used for such purposes.

The House amendments were, first, to make mandatory that the President require immediate payment by recipient countries where needed in dollars or foreign currencies for payment of U.S. obligations and certain other purposes.

The second House amendment would assure that this country obtain a fair share of any increase in commercial purchases of agricultural commodities by participating countries.

Two other amendments would assure convertability of foreign currencies for payment of wages earned in the development of works of public improvement in the purchasing countries, and for the procurement of materials or commodities in the purchasing countries.

Another House amendment would authorize use of foreign currencies for rodent, weed, insect, and other plant and animal pest control.

Further, the House amended the barter provisions of the act to eliminate barter except for offshore procurement. The conferees limited barter to bilateral contracts in addition to offshore procurement.

The House also made changes in the makeup of the advisory committee now provided in law and required meetings last quarter. The conferees agreed on four meetings each year. Finally, the House prohibited the financing of exports by any person engaging in commerce with Vietnam and required exporters to furnish information as to ownership and control. Some modifications were also made in this amendment.

Mr. President, I move adoption of the conference report.

Mr. AIKEN. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. AIKEN. Mr. President, I have heard no objection to the adoption of the conference report. The conference with the Agriculture Committee of the House was very satisfactory indeed. In fact, it was probably the shortest con-

ference in many years, which was very gratifying.

I should like to concur in the motion of the Senator from Louisiana that the conference report be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Louisiana.

The motion was agreed to.

#### COMMITTEE MEETING DURING SENATE SESSION TODAY

Mr. MORSE. Mr. President, I have been requested to ask unanimous consent that the Subcommittee on Labor of the Committee on Labor and Public Welfare be authorized to meet during the session of the Senate today.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### HIGHER EDUCATION AMENDMENTS OF 1968

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of the unfinished business.

The PRESIDING OFFICER. The bill will be stated by title.

The BILL CLERK. A bill (S. 3769) to amend the Higher Education Act of 1965, the National Defense Education Act of 1958, the National Vocational Student Loan Insurance Act of 1963 and related acts.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. BYRD of West Virginia. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. MORSE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### PRIVILEGE OF THE FLOOR

Mr. MORSE. Mr. President, I ask unanimous consent that the following staff members of the Committee on Labor and Public Welfare be granted floor privilege during debate on S. 3769 and S. 3770, for the purpose of assisting Senators. I understand that, under the rules, I must name the individuals for whom I ask this unanimous consent. They are:

Mr. Jack Forsythe, Mr. Charles Lee, Mr. Richard Smith, Mr. William Lebov, of the majority staff; Mr. Roy Millenson, and Mr. Eugene Mittelman, of the minority staff; and the committee clerk, Mr. Stewart McClure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. Mr. President, I have distributed to each Senator a copy of my remarks, explaining the contents of the Higher Education Amendments Act of 1968, S. 3769.

When we dispose of that bill, the Senate will then proceed immediately to the consideration of S. 3770, the vocational education bill.

Mr. President, once again it is my privilege to bring to the floor of the Senate a bill which represents the considered judgment of the Senate Committee on Labor and Public Welfare on a measure which, while initiating a few new programs, is mainly concerned with perfecting the statutory authorities for higher education now on the books.

Once again I am very pleased to bring to the floor of the Senate a bill that received the unanimous vote of the Senate Committee on Labor and Public Welfare. That does not mean that amendments to the bill will not be offered by some members of the committee, amendments which were considered in committee and turned down by a majority of the committee. There may very well be amendments offered by members of the committee that were not considered in committee. But I am pleased to report that the committee unanimously approves the format of these two bills.

Once again, I am greatly indebted to my colleagues on the committee and wish to express publicly my appreciation for their unfailing cooperation to me in carrying out my task in managing these bills on the floor of the Senate.

This measure, unlike many of its forerunners gives evidence that we have heeded the requests of the educational community and the American public that we bring into the whole field of educational legislation elements which will permit the consolidation and the mutual reinforcement of our existing authorities.

When this measure is enacted and its provisions become operative, I feel we will have taken a long step toward the ultimate goal—codification of law in this area.

In my presentation today, since the subject matter area covers such a multitude of concerns, individually each of which while important nevertheless carries on its face the justification for its substance, I propose to make this presentation less detailed than would ordinarily be the case.

#### BRIEF HISTORY OF THE LEGISLATION

At the beginning of the 90th Congress in the first session, we received from the administration two measures, one of which was concerned with higher education and changes in the National Defense Education Act. In the first session of the 90th Congress, based in part upon the recommendations, there was enacted the Educational Professions Development Act, Public Law 90-35, as well as a modification of the college work-study program which became law as Public Law 90-82.

In January, Presidential messages were again received which resulted in introduction of S. 3098. Hearings on the unenacted portions of S. 1126 and S. 3098 obtained testimony on those bills and they also provided a medium whereby we elicited information on a great number of other Senate measures in the field of higher education which had been offered to the committee.

I am exceedingly pleased at the high caliber of the witnesses on the manifold aspects of the bills who appeared before us in the 11 days of our hearings. Before each Senator is a set of our hearings record which incorporates the materials given to us for our consideration.

The Education Subcommittee in executive sessions, and the full committee, considered carefully the valid viewpoints and positions which had been presented, weighed and evaluated the proposals received and determined by unanimous vote that the reported measure be sent to the floor of the Senate.

Once again we carried out a practice we have developed in the Senate Subcommittee on Education which we think produces a set of hearings each year the reliability of which and the contents of which are of great help to our subcommittee. We conduct our hearings in the form of seminars. We call in two, three, four, five, sometimes even more, experts on a given phase of an educational subject matter. They conduct a seminar for us. They take over the committee hearings at that point. The members of the committee, in fact, become their students for the duration of that seminar. The participants in the seminar, as will be seen from the hearings, ask each other questions. They participate in a joint discussion of a given problem. Then the members of the committee in turn participate in the hearing by seeking to elicit from the members of the panel answers to questions that come to our minds.

I am very proud once again to present to the Senate this type of Senate reporting. We have found in the past, and Senators will find, I am sure, with respect to the use of these volumes, that the demand for our committee hearing reports is very great from the colleges and also from the secondary schools of our country. In fact, a good many professors of education have written to us and told us that large sections of our hearing reports are used as required reading in their education courses on many campuses of this country.

I wish to pay tribute to the spirit which emanated from both sides of the aisle. It was a spirit in which political partisanship played no part; rather, we were concerned to keep our collective eye upon the issues of the language, upon the primary recipient, the student and the institutions serving the student. The reported bill bears a very strong imprint, therefore, from both majority and minority members of the committee and, in my judgment, each addition or each change that was accepted has strengthened and improved the basic administration proposal. I think we have a record which will withstand the test of the Senate floor, and I hope will emerge substantially unchanged from conference.

With that brief introduction, I now turn to the provisions which are to be found in S. 3769. Although the bill itself

is but 122 pages, the scope of its coverage is perhaps best exemplified by the five pages which make up the table of contents.

#### SUMMARY OF PROVISIONS

Title I contains provisions extending ongoing programs which in the view of the committee merit further funding authority.

At this point I should like to say that the principle we followed was that of extending these programs for a 4-year period. The House companion measure does not reach as far down the road. However, if we are to have orderly consideration of all aspects of legislation, I think it imperative that we arrive at a cycle of consideration which would allow each session of the Congress to devote its attention to a major area.

I would hope ultimately that we could arrive as a cycle which would permit in one year congressional review of the field of elementary and secondary education, and review in the second year of higher education, and in the third year a review of vocational and special education statutes. If this can be ultimately achieved, I think it will go far to improving the depth of the legislative oversight functions which in our committee we feel to be a very important part of our responsibilities in the consideration of proposals which come before us.

Title II of the bill contains provisions which affect the various programs of student assistance which have been enacted under the various predecessor bills.

Title III of S. 3769 contains amendments to the various titles of the Higher Education Act of 1965.

Title IV contains language affecting the Higher Education Facilities Act of 1963.

Title V is concerned with language changes in the National Defense Education Act of 1958.

Title VI sets forth the new programs which the Administration proposes to be added to the Higher Education Act of 1965 and proposals derived from senatorial bills and amendments which in the judgment of the committee were felt to merit inclusion in this basic statute.

Title VII contains miscellaneous provisions, the most important of which confers upon the College of Guam land-grant status in a manner similar to that which the Senate approved for the Federal City College earlier this session.

I turn now, Mr. President, to a more detailed presentation of the titles.

#### TITLE I

With respect to the extension of the programs and the funding provided, this can, I think, best be set forth before the Senate in the form of two tables which appear in the committee report. I ask unanimous consent that the tables to which I have alluded be printed at this point in my remarks.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:







Public Law 90-436  
90th Congress, S. 2986  
July 29, 1968

## An Act

To extend the Agricultural Trade Development and Assistance Act of 1954, as amended, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 409 of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by striking out "December 31, 1968" and inserting in lieu thereof "December 31, 1970".*

Sec. 2. (a) Section 104(h) of such Act is amended by inserting before the semicolon at the end thereof the following: ". Not less than 5 per centum of the total sales proceeds received each year shall, if requested by the foreign country, be used for voluntary programs to control population growth".

(b) Section 109(a) of such Act is amended by striking out the word "and" at the end of clauses (7) and (8), changing the period at the end of such subsection to a semicolon, and adding the following:

"(10) carrying out voluntary programs to control population growth."

Sec. 3. Section 104(b)(2) of such Act is amended to read as follows:

"(2) finance with not less than 2 per centum of the total sales proceeds received each year in each country activities to assist international educational and cultural exchange and to provide for the strengthening of the resources of American schools, colleges, universities, and other public and nonprofit private educational agencies for international studies and research under the programs authorized by title VI of the National Defense Education Act, the Mutual Educational and Cultural Exchange Act of 1961, the International Education Act of 1966, the Higher Education Act of 1965, the Elementary and Secondary Education Act of 1965, the National Foundation on the Arts and the Humanities Act of 1965, and the Public Broadcasting Act of 1967;".

Sec. 4. Section 103(b) of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by striking out the proviso at the end thereof and substituting the following: " : Provided, That, except where he determines that it would be inconsistent with the objectives of the Act, the President shall determine the amount of foreign currencies needed for the uses specified in subsections (a), (b), (c), (e), and (h) of section 104, and the agreements for such credit sales shall provide for payment of such amounts in dollars or in foreign currencies upon delivery of the agricultural commodities. Such payment may be considered as an advance payment of the earliest installments."

Sec. 5. Such Act is further amended by deleting the period at the end of subsection (n) of section 103 and inserting in lieu thereof a semicolon and adding new subsections (o), (p), and (q) to section 103 as follows:

"(o) Take steps to assure that the United States obtains a fair share of any increase in commercial purchases of agricultural commodities by the purchasing country;

"(p) Assure convertibility at such uniformly applied exchange rates as shall be agreed upon of up to 50 per centum of the foreign currencies received pursuant to each agreement by sale to United States

Agricultural  
trade develop-  
ment and assis-  
tance.

80 Stat. 1537.  
7 USC 1736c.  
7 USC 1704.

7 USC 1709.

20 USC 511.  
22 USC 2451  
note; 20 USC  
1171 note,  
1001 note, 821  
note, 951 note;  
47 USC 390 note.  
7 USC 1703.

82 STAT. 450  
82 STAT. 451

or purchasing country contractors for payment of wages earned in the development and consummation of works of public improvement in the purchasing country; and

"(q) Assure convertibility of up to 50 per centum of the foreign currencies received pursuant to each agreement by sale to United States importers for the procurement of materials or commodities in the purchasing country."

SEC. 6. Section 104 is amended by deleting the word "and" at the end of subsection (i) and deleting the colon after subsection (j) and inserting in lieu thereof ";" and", and adding the following new subparagraph (k) :

"(k) for paying, to the maximum extent practicable, the costs of carrying out programs for the control of rodents, insects, weeds, and other animal or plant pests;".

SEC. 7. Section 303 of the Act is amended by adding at the end thereof the following: "Barter or exchange of agricultural commodities under clause (a) of this section shall be limited to exchange for materials which originate in the country to which the surplus agricultural commodities are exported and to arrangements which will prevent resale or transshipment of the agricultural commodities to other countries."

SEC. 8. Section 407 of the Act is amended by striking out the entire section and substituting the following:

"SEC. 407. There is hereby established an Advisory Committee composed of the Secretary of State, the Secretary of the Treasury, the Secretary of Agriculture, the Director of the Bureau of the Budget, the Administrator of the Agency for International Development, the chairman and the ranking minority member of both the House Committee on Agriculture and the House Committee on Foreign Affairs, and the chairman and the ranking minority member of both the Senate Committee on Agriculture and Forestry and the Senate Committee on Foreign Relations. The Advisory Committee shall survey the general policies relating to the administration of the Act, including the manner of implementing the self-help provisions, the uses to be made of foreign currencies which accrue in connection with sales for foreign currencies under title I, the amount of currencies to be reserved in sales agreements for loans to private industry under section 104(e), rates of exchange, interest rates, and the terms under which dollar credit sales are made, and shall advise the President with respect thereto. The Advisory Committee shall meet not less than four times during each calendar year at the call of the Acting Chairman of such Committee who shall preside in the following order: The chairman of the House Committee on Agriculture, the chairman of the Senate Committee on Foreign Relations, the chairman of the Senate Committee on Agriculture and Forestry, and the chairman of the House Committee on Foreign Affairs."

SEC. 9. Section 102 of the Act is amended by striking out the period at the end thereof and adding a colon and the following: "*Provided*, That the Commodity Credit Corporation shall not finance the sale and export of agricultural commodities under this Act for any exporter which is engaging in, or in the six months immediately preceding the application for such financing has engaged in, any sales, trade, or commerce with North Vietnam, or with any resident thereof, or which owns or controls any company which is engaging in, or in such period has engaged in, any such sales, trade, or commerce, or which is owned or controlled by any company or person which is engaging in, or which

7 USC 1704.

Barter.  
7 USC 1923.

Advisory Com-  
mittee.  
7 USC 1736a.

Financing for  
persons en-  
gaged in North  
Vietnam com-  
merce.  
7 USC 1702.

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82 STAT. 452

in such period has engaged in, any such sales, trade, or commerce either directly or through any branch, subsidiary, affiliate, or associated company: *Provided further*, That such application for financing must be accompanied by a statement in which are listed by name, address, and chief executive officers all branches, affiliates, subsidiaries and associated companies, foreign and domestic, in which the applicant has a controlling interest and similar information for all companies which either directly or through subsidiaries or otherwise have a controlling interest in the applicant company."

Approved July 29, 1968.

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LEGISLATIVE HISTORY:

HOUSE REPORTS: No. 1297 accompanying H. R. 16165 (Comm. on Agriculture) and No. 1642 (Comm. of Conference).

SENATE REPORT No. 1066 (Comm. on Agriculture & Forestry).

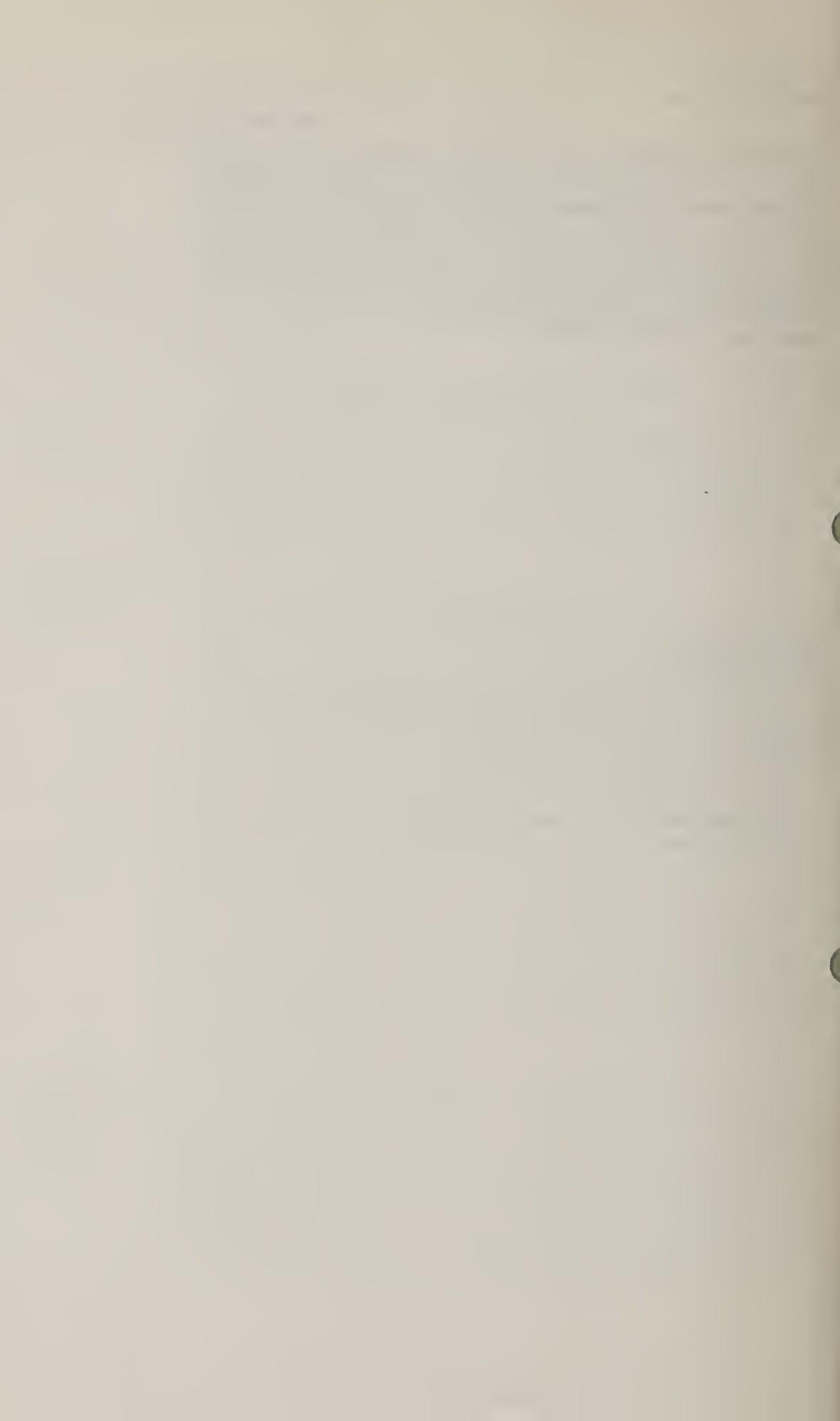
CONGRESSIONAL RECORD, Vol. 114 (1968):

Apr. 3: Considered and passed Senate.

May 14: Considered and passed House, amended, in lieu of H. R. 16165.

July 12: House agreed to conference report.

July 15: Senate agreed to conference report.



## Death of Dr. Charles William Mayo

*Statement by the President. July 29, 1968*

Dr. Charles William Mayo was one of those rare men whose talents touch and enrich the lives of men everywhere. He won fame as a surgeon and medical administrator; the name of the great medical institution he headed has become a symbol of hope the world over; he was a real pioneer in group medical practice. In addition, Charles Mayo was a gifted educator, author, editor, and public servant. All of us are grateful for the life he lived—and saddened by his death.

## National Association of Counties

*Statement by the President Upon Meeting With Association Officers at the White House.  
July 29, 1968*

I am glad to be able to commend you upon the theme of your conference, for addressing yourself to the need for balanced development of America's cities, her suburbs, and her rural areas.

Today, a geographic inequality is weakening the fabric of our Nation. We see this imbalance when we see great numbers of Americans leave their homes in the country to move to the city, and leave the city to move to the suburbs.

Always the reason is the same: "to give our children a better chance." This is wrong. An American's opportunity should be equal everywhere in America.

We must erase the inequalities that exist when a child in one district gets a better education than in another, when a baby born in one neighborhood has a better chance of survival than in another; when the smoke from one county poisons the air above another, when the crowded highways of one city slow the commerce in another.

An historian may easily conclude that many of the social ills that plague America today had their roots in the desertion of the rural areas and the migration to the cities that gained force at the end of World War II.

He might say that the outstanding domestic failure of the 1950's was the national lack of attention to that migration. Millions of Americans pulled up stakes and left the country, especially the South and Appalachia. The wave of migration struck our cities and found them unprepared to provide the housing, the education, the welfare, and social services that a decent life required.

This massive migration pushed the city-dweller to the suburbs. It produced suburban sprawl, and spawned a whole new set of problems as potato fields were transformed almost overnight into cities.

And perhaps worst of all, the departure of the more affluent city-dweller stripped the city of its tax base just at a time when the need for revenue was greatest. Unable to grow, the cities began to decay.

Only in the 1960's have we faced the urban crisis. We would be a better nation today if, instead, we had faced the rural crisis in the 1950's. Now we must face both—and that is the job of responsible government.

This kind of responsible government is our shared ideal. So we meet today not as partisans, not as Democrats and Republicans. We are partners in the central business between us—the well-being of the American people.

The problems we face are national problems because they affect every American; they are local because they can be resolved only within our communities. So they raise questions not of politics, but of government; not of States' rights, but of people's rights; not of our separate responsibilities, but of our shared responsibilities.

Five years ago, before I was President, I said—and it is still true today:

"The concern of the central government must not be to destroy local government, but to strengthen it and help it to succeed. . . . Local government is not a fragile and hollow shell. It is a strong and growing force and we must direct our best national efforts to the task of assuring its success. A mature America must not be beguiled by immature fears of governments working together."

We have worked together. We have, in the past few years, involved the Federal Government more than ever in the problems of the local community.

We have shaped a partnership. Your Association is to be warmly congratulated for your part in it. For only through such a partnership can the promise of an America of balanced opportunity be realized.

## Food for Freedom

*The President's Remarks Upon Signing Bill To Extend the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480). July 29, 1968*

Secretary Freeman, Senator Ellender, Senator Jordan, Senator Montoya, Senator Harris, and distinguished Members of the House of Representatives, ladies and gentlemen:

In the 14 years of its existence this program—that has the very formal and long title of Agricultural Trade Development and Assistance Act—has been a very great influence for progress all over the world.

It has meant life to millions of human beings, particularly in India when the rains failed and when famine set in.

It has meant a great deal of hope for the emerging nations in the developing countries which today represent over half of the world's population.

It has helped to expand our own U.S. agricultural exports to all parts of the world by some \$2½ billion between 1960 and 1967. That has resulted, I believe, in improved income for all the American farmers who have learned to produce this food so effectively and so efficiently.

The crucial development role of the act was given a new direction in 1966 by the Congress.

The Congress extended this measure as a program-added requirement that self-help on the part of the recipient nation was to be a fundamental condition to food aid.

That gave us some extra strength in dealing with the recipient nations.

The wisdom, I think, of that emphasis is evident to all the people who know what is going on.

India, for example, has provided incentives for its farmers. It has doubled its use of improved high yielding seed, and it has almost doubled the availability of fertilizer.

The economic pace in the Philippines and South Korea—two countries in transition from aid to trade—is accelerated with each passing year. The number of examples grows every day.

This law in my judgment represents a further improvement of a great bipartisan program. It has been amended to try to help us improve our balance of payments.

It has been amended to provide more resources for family planning and for education.

It has been amended to permit us wherever practical to encourage the use of local funds for a variety of worthwhile public works projects.

So this morning, we are making sure that this vital tool will continue to work for all men for at least 2 more years.

I am very pleased that the Congress in its wisdom has seen fit to enact this legislation.

I am so happy at this pleasant moment when we have a chance to take the last final step of approving it—that we should have so many of the good and wise leaders of the Congress here to participate in this ceremony which will mean so much to the poor people of the world and a great deal to our own farmers in this country.

NOTE: The President spoke at 1:14 p.m. in the Fish Room at the White House. As enacted, the bill (S. 2986) is Public Law 90-436.

## Relating to Trade and Other Transactions Involving Southern Rhodesia

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**Executive Order 11419. July 29, 1968**

By virtue of the authority vested in me by the Constitution and laws of the United States, including section 5

of the United Nations Participation Act of 1945 (59 Stat. 620), as amended (22 U.S.C. 287c), and section 301 of Title 3 of the United States Code, and as President of the United States, and considering the measures which the Security Council of the United Nations by Security Council Resolution No. 253 adopted May 29, 1968, has decided upon pursuant to article 41 of the Charter of the United Nations, and which it has called upon all members of the United Nations, including the United States, to apply, it is hereby ordered:

SECTION 1. In addition to the prohibitions of section 1 of Executive Order No. 11322 of January 5, 1967, the following are prohibited effective immediately, notwithstanding any contracts entered into or licenses granted before the date of this Order:

(a) Importation into the United States of any commodities or products originating in Southern Rhodesia and exported therefrom after May 29, 1968.

(b) Any activities by any person subject to the jurisdiction of the United States which promote or are calculated to promote the export from Southern Rhodesia after May 29, 1968, of any commodities or products originating in Southern Rhodesia, and any dealings by any such person in any such commodities or products, including in particular any transfer of funds to Southern Rhodesia for the purposes of such activities or dealings; *Provided*, however, that the prohibition against the dealing in commodities or products exported from Southern Rhodesia shall not apply to any such commodities or products which, prior to the date of this Order, had been lawfully imported into the United States.

(c) Carriage in vessels or aircraft of United States registration or under charter to any person subject to the jurisdiction of the United States of any commodities or products originating in Southern Rhodesia and exported therefrom after May 29, 1968.

(d) Sale or supply by any person subject to the jurisdiction of the United States, or any other activities by any such person which promote or are calculated to promote the sale or supply, to any person or body in Southern Rhodesia or to any person or body for the purposes of any business carried on in or operated from Southern Rhodesia of any commodities or products. Such activities, including carriage in vessels or aircraft, may be authorized with respect to supplies intended strictly for medical purposes, educational equipment and material for use in schools and other educational institutions, publications, news material, and foodstuffs required by special humanitarian circumstances.

(e) Carriage in vessels or aircraft of United States registration or under charter to any person subject to the jurisdiction of the United States of any commodities or products consigned to any person or body in Southern Rhodesia, or to any person or body for the purposes of any business carried on in or operated from Southern Rhodesia.

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